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**SOUTH KARELIA AS A COMPETITIVE TOURIST DESTINATION:
Geo-economic Insights for Tourism Development from the Finnish-
Russian Border.**

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Master's Thesis

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Acknowledgements

Those who claim that writing a Master's thesis is quick & easy, should either have never ever had such an experience or just know nothing about writing academic stuff. My favorite rock-band AC/DC sang 40 years ago: "It's a long way to the top if you wanna rock&roll". Be sure it is. It's a fact of life that if you with your full heart want to achieve anything grand, prepare yourself for "blood, sweat & tears". The idea of this work was born in November 2014, and it took 1,5 years to put it on paper. Accomplishment of Master's thesis for me is probably the last remarkable happening, the last division line between my youth and maturity. These 1,5 years were really tough, and now it's time to praise those who were always near and ready to help during my journey. First of all, I'd like to thank my spouse Panna and little Margarita for your support and understanding. I owe you many days and nights, when I was busy and loaded. My father Aleksander and mother Julia, thank you for being so supportive and caring all that time. And the idea of research was inspired by you, I remember. My relatives and friends – thank you all for being interested in what I was doing all that time. This work wouldn't have been accomplished without my tutors. In Tampere, I'd especially like to thank Anni Kangas for her guidance, strictness and ideas at all stages and Heino Nyssönen with Hanna Ojanen for general support. In St.Petersburg, I'd like to thank Dmitry Lanko, always ready to give a helping hand to his students by wise wits and piece of his mind on any issue. Long live CBU! My CBU fellow students – thank you all for being a great team. Finally, I want to wave my hand to people who took active part in my research. Administrators of VKontakte groups and 190 online survey respondents, many thanks for your participation. Furthermore, I'd like to thank all my interviewees for substantive discussions and openness – Mirka Rahman from the City of Lappeenranta, Anu Talka from Regional Council of South Karelia, Juha Sorjonen from Imatra Regional Development Company KEHY, Suvi Ahola from goSaimaa Ltd, Svetlana Aksyonova from STOP in Finland magazine and Natalia Gnatchenko from representative office of Wirma Lappeenranta Oy in Saint-Petersburg, who gave me opportunity to participate in a press-event. Hope you will be able to utilize my research in your work. What's done is done, and I'm grateful to everyone who was involved!

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FEDOROV ROMAN: South Karelia as a Competitive Tourist Destination: Geo-economic Insights for Tourism Development from the Finnish-Russian Border

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Tourism development in peripheral and border areas has become a key regional development driver, and the case of South Karelia is an outstanding example of the phenomenon. In the last two decades, the impact of Russian tourist inflow on economy and development has been constantly growing. However, in a globalized volatile world it becomes more difficult to keep up with growing competition both inside the country and internationally. In order to maintain competitiveness, a cross-border region has to pursue the aim of releasing the potential of a destination with consideration of all related factors. Michael Porter theory of competitive nations and regions, as well as Diamond Model provides a comprehensive set of guidelines how the issue should be approached, with respect to political dimension. Geo-economic assumptions concerning the spatial aspect of competition add clarity to the picture and link the topic to transformations in international relations.

The case was approached by using a multi-method approach of triangulation. A series of semi-structured interviews with South Karelian tourism stakeholders was conducted to provide a comprehensive insider view on a range of questions concerning the topic. Online survey was designed with a purpose to uncover Russian tourist's preferences, motivations and thoughts concerning the attractiveness of South Karelia as a destination. Participant observation was utilized to add personal perspective on the issue, as the researcher has a 7-years experience of tourism in the area. Gathered data and findings were presented in a form of SWOT-analysis, which could be applied by South Karelian tourism stakeholders in strategic planning and operations.

The case of South Karelia demonstrates the principles of Porter's theory in action. Masterful management and governance of South Karelia, combined with strong prerequisites for tourism development, enhances the performance of the region and turns its comparative advantages into competitive. The border region proves to be shock-resistant and prosperous due to balanced focus on its strong and weak sides, and determinacy to advance in development.

Key words: tourism development, South Karelia, geo-economics, cross-border region, competitiveness, proximity, regional development, Porter Diamond Model, Finnish-Russian relations, tourist attractiveness.

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1. Introduction

1.1. Overview

In the last decades, tourism has been one of the most intensively growing sectors of global economy. The deepening of globalization, increasing interdependence and interpenetration of markets in different parts of the world lead to emergence and establishment of a great number of destinations, which find themselves in a stance of tough competition over tourist flows and revenues. The significance of tourism to economy can't be denied: the World Tourism Organization estimated that the industry accounts for almost 9% of global GDP, 30% of services exports, 6% of world's exports and provides 1 out of 11 jobs¹. It is also stated that business volumes of tourism industry are comparable to those of oil exports, motor industry, and production of food, with the predicted yearly growth of 3-4% on average. The importance of tourism has led to its wide recognition as one of the key drivers for social-economic development of states and its regions by scholars, researchers and politicians worldwide.

From the point of view of South Karelia it is interesting to connect these insights to John Naisbitt's ideas of a global tendency concerning the reorganization of the world order structure. The phenomenon which he elaborated got the name of a Global Paradox, in short indicating that "the bigger the world economy, the more powerful it's smallest players"². It is a major trend which equally works for economics, politics and social sphere. The core idea is that single constituent parts of any system increase their importance proportionally to the growth of the whole system. As the global economy becomes more complex and large in size, the smaller units become stronger and more important. Applying the Paradox to tourism, it becomes obvious that currently smaller tourist destinations like cities, areas and regions of an individual country gain weight as players and units on international market. Now, it's majorly not the countries that compete with each other over tourist masses, but their constituent parts trying to outmaneuver as many rivals as possible. The idea of competition of smaller-scale units was further developed and expanded by Michael Porter, who brought the concept of competing clusters to the stage, which are defined as geographic concentration of interconnected companies and institutions in a particular field³. Obviously, notions of tourist region and tourism cluster are very firmly connected and are interchangeable due to mandatory territorial binding.

¹ World Tourism Organization, *Why Tourism Matters?* Available on: < <http://www2.unwto.org/content/why-tourism>>, retrieved 11.05.2015.

² Naisbitt, J. (1994). *Global Paradox*. The Bigger the World Economy, the More Powerful Its Smallest Players. William Morrow & Company, Inc.

³ Porter, M. E. (1998), 'Clusters and the New Economics of Competition', *Harvard Business Review*, November-December, p.78.

Recently, tourism has become a wide-spread tool for regional development inside a particular country. It happens that under pressures of globalization, which lead to concentration of resources in centers of growth and prosperity, regional inequality may take place, and in such cases tourism can add some dynamics. Tribe advocates the point that usage of tourism as regional development instrument is highly effective both in developed and developing countries and regions, and resorts to comparative case studies of economic effects of tourism in France, Japan and Spain in contrast to China and Vietnam⁴. He also highlights the point that tourism could be utilized not only to enhance growth as a whole, but also to regenerate the local economy. This argument is supported by Petrevska, also stating that in the areas where tourism takes place, the major challenge is to set up mechanisms to improve competitiveness and quality of tourism at regional and local level⁵. Thus, fruits of regional development may be transferred to national level. Macbeth, Carson and Northcote argue that tourism has much potential for contribution to building stronger, sustainable regional communities by articulating political, social and cultural capitals⁶. Government with its political authority, as well as the community should be the key actors in management of a territory as a tourist destination.

Some researchers draw attention to the role of tourism in regional development of underdeveloped regions and areas. For example, Nurkovich discusses the cases of peripheral and border regions of Bosnia and Herzegovina, which are lagging behind in every economic aspect in comparison to developed urbanized centers like Sarajevo or Mostar, but still manage to retain population and improve infrastructure by exploiting their tourism potentials⁷. In such regions, acceleration of tourism development is a solution, but it is associated with many challenges and difficulties, for instance, in attracting tourists and inspiring them to discover the area. In contrast to developing Bosnia Herzegovina, Saarinen examines regional patterns of tourism in developed Finland, drawing the northern region of Lapland as an example. Saarinen argues that such peripheral regions as Lapland could have much potential for regional tourism development by exploiting natural base and opportunities for second-home or seasonal cottages⁸. In this respect, the case of South Karelia seems to be a worthwhile subject research, given its special status of both peripheral and cross-border region of Finland.

⁴ Tribe, J. (2011). *The Economics of Recreation, Leisure and Tourism*. Taylor & Francis, 4th Edition, pp. 313-327.

⁵ Petrevska, B. (2012), 'Tourism Contribution to Regional Development: Best Practice in Macedonia', *Journal of Community Positive Practices*, №3, p.426.

⁶ Macbeth, J., Carson, D. and Northcote, J. (2004), 'Social Capital, Tourism and Regional Development: SPCC as a Basis for Innovation and Sustainability', *Current Issues in Tourism*, Vol.7, №6, p.519.

⁷ Nurkovic, R. (2012), 'Influence of Tourism on the Regional Development of Bosnia and Herzegovina', *International Journal of Economics and Management Sciences*, Vol.2, №2, p.202.

⁸ Saarinen, L. (2007), 'Tourism in Peripheries: the Role of Tourism in Regional Development in Northern Finland' in Muller, D.K. and Jansson, B. (eds), *Tourism in Peripheries: Perspectives from the Far North and South*. CABI Publishing, Wallingford, UK. p.50.

The research on significance of tourism for borderlands has been growing in the last years. There's still wide recognition of the fact that frontier regions could be less competitive and developed when compared to central and urban regions, but Vodeb claims that border regions have more possibilities for cross-border cooperation and partnership, thus establishing specific destinations⁹. At the same time, she takes notice that cross-border regions are spaces where one entity ends and another begins, and tourism development is only possible in places which has necessary attractions and resources¹⁰. However, the presence of these factors is not enough for establishment of a specific cross-border tourist destination. For example, political will and focus on cooperation is important for regional development, as Prokkola argues that tourism development at Finnish-Swedish border, mediated by political and ideological discourse, has eventually transformed the landscape for the better¹¹. In this case, growth was stimulated by a shift in perception of the border being a bridge rather than a barrier by local authorities and population¹². Finally, Timothy is determined that a cross-border region is attractive and exciting destination for tourist in itself, as it is very often perceived as a place of close opportunities and benefits for people living across border¹³. He explains, that border regions could attract visitors due to a large variety of phenomena like advantageous shopping, opportunities for gambling, which might be illegal in domestic country, or city/province contrast.

The increasing role of regions in the era of globalization thus retains the necessity for further studies of different aspects of competition between them. Recognition of tourism as a potential source for regional development of individual areas reiterates this view. Tourism development in cross-border regions narrows down the agenda to a very specific theme, which has not yet been elaborated comprehensively from the angles of international relations and economy. In this light, the examination of the case of South Karelia as a competitive cross-border tourist destination will provide additional understanding and insights to general experience and knowledge in the field.

⁹ Vodeb, K. (2012), 'Competitiveness of Frontier Regions and Tourism Destination Management', *Managing Global Transitions*, Vol.10, №1, p.66.

¹⁰ Vodeb, K. (2010), 'Cross-border Regions as Potential Tourist Destinations Along the Slovene-Croatian Frontier', *Tourism and Hospitality Management*, Vol.16, №2, p.219.

¹¹ Prokkola, E.K. (2010), 'Borders in Tourism: the Transformation of the Swedish-Finnish Border Landscape', *Current Issues in Tourism*, Vol.13, №3, May, p.225.

¹² Prokkola, E.K. (2008), 'Resources and Barriers in Tourism Development: Cross-border Cooperation, Regionalization and Destination Building at the Finnish-Swedish Border', *Fennia*, Vol.186, №1, pp. 32-35.

¹³ Timothy, D.J. (1995), 'Political Boundaries and Tourism: Borders as Tourist Attractions', *Tourism Management*, Vol.16, №7, pp.529-530.

1.2. Research Question, Theoretical and Methodological Framework

The frontier region of South Karelia in the last years has undergone a significant transformation, which led to its establishment as a tourist destination. The phenomenon of tourism, however, is not new for it, as the history of tourism development there dates back to 18th and 19th century, when the area was discovered by Russian Empire elites as a place for travel and leisure. Nowadays, South Karelia is one of the most popular Finnish tourist destinations for visitors from Russia, especially from St.Petersburg, and its fame is based on pristine nature, proximity to the state border and a wide range of activities and services. Surprisingly, the case of South Karelia has not yet been examined comprehensively by researchers and scholars, although there is a need for understanding and knowledge how the region should develop, coping with different challenges of globalization.

This way, this research will be dedicated to investigation of the following specified question:

What are the prospects of South Karelia, as a peripheral cross-border region at Finnish-Russian frontier, to develop and to maintain its status of a tourist destination?

The issue will be examined in theoretical framework of Michael Porter theory of competitive advantages of nations and regions under the assumptions and guidelines of Porter Diamond Model, which study and explain the essence of economic rivalry between industries and territorial units, as well as outline determinant success factors for competitive entities. Apart from that, recent geo-economic studies and implications will add to understanding of the nature of competition between regions with a focus on geographical location and spatiality. Detailed discussion of theoretical framework comprises a corresponding chapter in Master's thesis. The study of tourism to South Karelia also addresses broader questions arising from the suggested framework:

- How does Porter's theory of competitiveness and Diamond Model contribute to understanding of tourism development in regions like South Karelia?
- How should individual regions develop by unleashing their potential for building clusters in spheres favorable for that?
- How could border regions utilize their specific geo-economic position in competitive environment?

The purpose of the research defined a number of specific tasks and narrow issues to be considered:

- To outline recent trends of outbound tourism to Finland and South Karelia respectively,
- To identify tourism's significance for national and regional economy,
- To delineate the competitive landscape of Finnish regions,
- To inspect tourism governance and management at different territorial levels,
- To examine historical premises for tourism development in South Karelia,
- To disclose factors of tourist attractiveness as perceived by tourist of South Karelia,
- To scrutinize determinants of competitiveness as seen by Finnish professionals and experts,
- To craft SWOT-analysis under guidelines of Porter Diamond Model for South Karelia as a tourist destination.

In order to fulfill the tasks of the research, the multi-method approach of triangulation was chosen as a methodological framework. An online survey among 190 Russian visitors of South Karelia was conducted to find out their attitudes concerning attractiveness of the region. In addition to that, four semi-structured interviews and a questionnaire with tourism experts and professionals from South Karelia were intended to reveal their opinions concerning determinants and factors of tourist competitiveness of the region. Participant observation was justified by rich experience of the researcher of traveling to South Karelia. Methodological framework is thoroughly discussed in a corresponding chapter in Master's thesis.

The structure of Master's thesis complies with the aims and tasks of the research. Chapter 1 provides background of the research and introduces the research question and goals. Chapter 2 expands on theoretical framework in detail. Chapter 3 explicates recent tourism trends, significance of tourism to economy and regional development, history, competition between regions, governance and management of tourism in Finland and South Karelia. Chapter 4 discusses methodological framework of the research. Chapter 5 presents interview findings. Chapter 6 examines survey findings. Chapter 7 is dedicated to SWOT-analysis of South Karelia as a destination relying on Porter Diamond Model guidelines. Chapter 8 summarizes the result s of the research and contains conclusions. The research ends up with references and appendixes.

1.3. Applications, Limitations, Suggestions for Further Research

A strong feature of this research is that it has high practical applicability and policy relevance. Research results and findings could be utilized by authorities and tourism-related enterprises in South Karelia in their operations and strategic planning process. All interviewees appreciated

researcher's interest in the topic and expressed their high interest in obtaining the results of the work. This Master's thesis is highly anticipated by Regional Council of South Karelia and will be probably applied for composition of a new Tourism Strategy of the region, which will be produced by the end of the year. Online survey findings were already featured on *Stop in Finland* magazine, issue May-June 2015. In addition to that, research results could be utilized by other cross-border regions striving to develop by means of tourism, as the study thoroughly depicts a success story in details.

The researcher sees three main limitations to the study. First, the researcher lacks knowledge of the Finnish language, which occurred as a disadvantage and an obstacle when examining analytical reports, statistics, documents and papers which were published in Finnish only. Using Google translate seems to be a way out, but it's not scientific as it could lead to wrong or twisted meanings. The second limitation is that the number of conducted interviews was smaller than initially expected. Although representatives of the main tourism stakeholders in South Karelia were successfully interviewed, the complete picture could have been seen only with involvement of the stakeholders at national level. The third limitation is associated with bias of the researcher concerning the region of South Karelia. Although the researcher tried to be as neutral and impartial as possible, seven years of active tourism to South Karelia just couldn't have imposed a mark on the general attitude towards the region.

After accomplishing the Master's thesis, it seems that tourism development in South Karelia is a worthwhile research topic which still needs closer examination. It seems reasonable to investigate the issue by applying measurable statistical and quantitative methods in order to define correlations and interdependencies. It would also be interesting to find similar case of a cross-border region promoting tourism, and to conduct a comparative study. Investigation of the issue through the prism of common European policies and funding lines also seems a good idea. Finally, a close inspection of cooperation between Finnish and Russian authorities at the level of regions and cities, as well as tourism development in the framework of cross-border cooperation may produce curious results.

2. Theoretical Framework

2.1. *Tourism and International Relations*

According to the World Tourism Organization, tourism “is the activities of persons travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes”¹⁴. Tourism has become something ordinary, an activity which always existed and was taken for granted. At the same time, the importance of tourism for current global processes may be wrongfully underestimated at first sight by governments and researches. In my opinion, the role of tourism for global development shouldn’t be a matter of debate. It was recognized by international society and enshrined in 1980 in Manila Declaration on World Tourism, which says that “tourism is an activity essential to the life of nations because of its direct effects on the social, cultural, educational and economic sectors of national societies and on their international relations”¹⁵. Although the role of tourism in international relations was acknowledged, it didn’t lead to emergence of a separate doctrine or theory, which could synthesize the two fields of knowledge.

Studies of international relations, as well as tourism studies, have been evolving in regard of methodology and the content. The boundaries of these academic fields have been expanding constantly and becoming less normative and conventional. Nowadays both disciplines specialize in different subfields, and this is common knowledge. However, there is no concrete subfield in international relations studies, which is fully dedicated to tourism-related issues. The same could be said concerning tourism studies, which lack a separate specific brunch concerned with matters of international politics. Does this mean that that tourism and international politics are not related to each other? Of course, it is not so, but the link between the 2 disciplines remained not so obvious for considerable time.

Tourism has become an international phenomenon, but being international doesn’t make it immediately an international relations studies inquiry. Over 30 years ago it was noted that studying the “politics of tourism illustrates the lack of any clearly defined boundaries where one social science stops and another begins”¹⁶. Moreover, it was admitted that for many years “scholarly research on tourism was seen as frivolous and not appropriate for mature scholars”¹⁷. However, significant growth of tourism as an international industry in the last 30 years and it’s

¹⁴ World Tourism Organization (1995), *Collection of Tourism Expenditure Statistics. Technical Manual No.2*, January, p.1.

¹⁵ World Tourism Organization (1980), *Manila Declaration on World Tourism*. The World Tourism Conference, Held at Manila, Philippines, from 27 September to 10 October 1980.

¹⁶ Matthews, H.G. and Richter, L.K. (1991), ‘Political Science and Tourism’, *Annals of Tourism Research*, Vol.18, p.121.

¹⁷ Idem p.122

recognition as an integral part of globalization processes made IR scholars reiterate their skeptical views to some extent. Now, the effects of politics and international relations on tourism are undeniable, and vice versa. Political and IR issues have much impact on tourism in modern world.

Nevertheless, the recognition of a linkage between international relations and politics with tourism didn't lead to emergence of a special branch of studies fully dedicated to research of this complex interrelationship. This situation was wittily described by Hall, who stated that "politics of tourism is still the poor cousin of both tourism research and political science and political studies"¹⁸. At the same time, it was argued that tourism practitioners like governments, operators and enterprises should always take into consideration "the political dimensions of tourism development"¹⁹. It is absolutely true that governments nowadays are getting more involved in tourism-related matters at different levels – local, regional and international.

Richter points out that tourism development has strong political implications and that "governments use tourism as a diplomatic barometer of their closeness and affinity to each other"²⁰. Tourism development and policy are conducted by ministries and governmental bodies, local authorities establish tourism policy departments and committees. In the age of globalization, these bodies communicate with each other and maintain dialogue on a wide sector of tourism-related issues. The primary aim of these activities is to become successful, and for that "understanding of international law and politics, comparative politics and government, and comparative political theory would seem essential"²¹. It's necessary to understand that researchers from the IR and politics field and tourism professionals could both benefit from sharing experiences, insights and knowledge. By doing so they would better understand the current political and tourism development processes in the globalized world.

When I was thinking about how to get international relations and tourism work together, I came up with an idea that the notion of competitiveness and competitive advantages may become a bridge connecting the two different research fields. International competition occurs between governments and states over influence, resources, markets, labor, technologies and investment, and the list could be extended. This phenomenon in the conditions of globalization is a fact of life and a driving force for development and welfare. The same is applicable for tourism as a

¹⁸ Hall, C.M. (1994), *Tourism and Politics: Policy, Power and Place*. John Wiley & Sons Limited, England. p.1.

¹⁹ Idem 96

²⁰ Richter, L.K. (1983), 'Tourism Politics and Political Science. A Case of so Benign Neglect', *Annals of Tourism Research*, Vol.10, p.324.

²¹ Matthews, H.G. and Richter, L.K. (1991), 'Political Science and Tourism', *Annals of Tourism Research*, Vol.18, p.133.

sector of economy. At this point, it seems appropriate to recall the notion of a tourist destination, which is described by Buhalis as “an amalgam of tourist products offering an integrated experience to consumers”²². These services are consumed under a brand name. He also points out, that it should be a well-defined geographical are, like a country a region or a town, which has six core provisions – attractions, accessibility, amenities, available packages, activities and ancillary services²³. Although there are other definitions of destinations and their traits, they all have the same common focuses: destination is a certain are with many preconditions for enjoyable leisure and travel, which is perceived by tourist as a concrete place for travel.

It is important to understand that destinations could be viewed from two opposite perspectives – from the view of a tourist and a view of a destination itself²⁴. If viewed from the side of tourists, destination is perceived from the point of view of attractiveness. Attractiveness is a category which reflects the feelings and abilities of visitors about the ability of a destination to satisfy their needs²⁵. Obviously, the more capabilities a destination has the more tourists it can encourage to arrive.

The opposite perspective is viewed from the point of view of a destination itself and is related to the notion of competitiveness. Following the logic of destination attractiveness, competitiveness should be associated with the ability to deliver an experience which is more satisfying than that offered by other destination²⁶. In turn, competitiveness could be explained and justified from various standpoints, like prices, quality, governance, management, strategy, history, location or economy. The nature of competition and underlying factors of competitiveness always draw much attention from the researchers and scholars. Probably the most famous and influential teaching aimed at exploring and explaining competitiveness factors was proposed by Michael Porter, which led to the production of a Diamond Model. Porter’s work “The Competitive Advantage of Nations” explains why certain industries become more successful than others in a given location. For that, Porter resorts to a notion of a cluster, which is a geographic concentration of interconnected companies and institutions²⁷. Here, in relation to tourism, an equality sign could be put between destination and cluster, because in modern world competition

²² Buhalis, D. (2000), ‘Marketing the Competitive destination of the Future’, *Tourism Management*, Vol.21, Issue 1, p.97.

²³ Idem p.98.

²⁴ Buhalis, D. (2001), ‘Tourism in Greece: Strategic Analysis and Challenges’, *Current Issues in Tourism*, Vol.4, №5, pp.442-448.

²⁵ Vengasayi, S. (2003), ‘A Conceptual Model of Tourism Destination Competitiveness and Attractiveness’, *ANZMAC 2003 Conference Proceedings*, Adelaide, 1-3 December 2003, p.638.

²⁶ Idem p.639

²⁷ Porter, M.E. (1990). *The Competitive Advantage of Nations*, The Free Press, New York. P.98.

takes place more between tourism clusters than countries²⁸. Relevance of Porter's Diamond model to crossover studies of tourism and IR will be explained in the next paragraph.

2.2. Porter's Diamond Model

Michael Porter's insights on competitiveness open up an interesting view on international relations and their transformation. Porter clearly understood that intensification of globalization has significant impact on political and economic relations between actors of international relations, as the spectrum of involved spheres and fields expanded. The central argument in his works is that states and industries find themselves in a stance of competition. Rivalry between states, regions, industries and clusters is the thing which makes this world go round. It also means that new actors of international relations, namely individual regions, develop their unique territorial, economical and functional specialization by attributing priority to spheres where they have best capabilities²⁹.

Initially, Porter described the cluster as a geographic concentration of interconnected companies, specialized suppliers, service providers, (universities, standards agencies, and trade associations) in particular field that compete but also cooperate³⁰. Although the concept was designed mainly for classic industries, it is fully applicable and relevant for tourism destinations and clusters as well. Jackson and Murphy draw attention to the fact that Porter himself has used a tourism-related cluster as one of many examples of clustering in practice, citing the "California wine cluster"³¹. One more argument in favor of applicability of Porter's cluster concept to tourism is that he admitted the importance of quality and efficiency of tourism-related businesses like hotels and restaurants and infrastructure, thus stating that tourism attractiveness and tourist's satisfaction can't be fully explained only by initial natural attractions of a place³². This is evident, that it's rightful to speak of what in Porter's terms could be defined as competitiveness of tourism clusters.

In his works on a wide variety of clusters and subclusters in numerous industries, Porter especially traced traded clusters and their constituting parts. For example, he outlined an approximate Hospitality and Tourism cluster, which is comprised of the following elements:

²⁸ Mazurek, M. (2014), 'Competitiveness in Tourism – Models of Tourism Competitiveness and Their Applicability: Case Study Austria and Switzerland', *European Journal of Tourism, Hospitality and Recreation*, Special Issue, p.75.

²⁹ Brykova, I. (2006), 'The International Competitiveness of National Regions: Conceptual and Practical Dimensions', *Journal of International Economic Policy*, Vol.4, pp.33-35.

³⁰ Porter, M.E. (1990), 'The Competitive Advantage of Nations', *Harvard Business Review*, March-April, p.78.

³¹ Jackson, J., & Murphy, P. (2006), 'Clusters in Regional Tourism An Australian Case', *Annals of Tourism Research*, Vol.33, Issue 4, October, p.1024.

³² Porter, M.E. (1990). *The Competitive Advantage of Nations*, The Free Press, New York. p.98.

tourist attractions, tourism related services, water passenger transportation, accommodation, boat related services, ground transportation, other local transportation, related professional services, other attractions, air services, vehicle distribution and wholesaling, and facilities support services³³. The performance and competitiveness of tourism cluster according to Porter is dependent upon several determinants, which shape its competitive advantages. They constitute Porter's Diamond Model, which is schematically explained below.

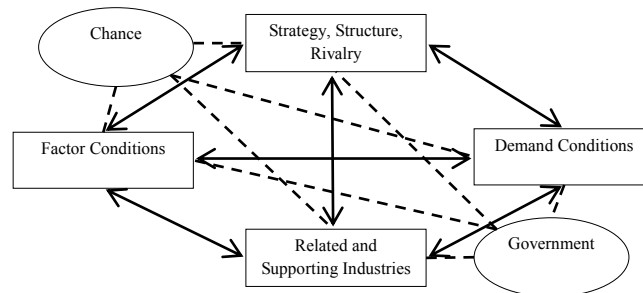


Figure 1. Porter's Diamond Model (1990)³⁴.

The Diamond consists of six attributes, although initially it had only four main units. All of them have a quite broad meaning, that's why it seems necessary to specify them for tourism on the spot. Following Porter's logic of analysis, the first determinant is Factor Conditions, meaning natural and cultural resources, labor, accessibility, education, universities, infrastructure and facilities, when applied for tourism cluster. These elements should be examined as natural, as they could be found only inside the destination. The second determinant, Demand Conditions, has to do with tourism demand on a particular destination. The main characteristic here should be foreign and domestic tourism inflows measured by number of overnight stays or border crosses. The third determinant was called as Related and Supporting Industries, in tourism context implying accommodation facilities, opportunities for leisure, sport and recreation, bars and restaurants, and places of interest. A range of services and products should be supplied in order to maintain competitiveness. The fourth determinant, which is Strategy, Structure and Rivalry, indicates the necessity for presence of competition at local or regional level between different actors and stakeholders. The positive role of internal competition should be considered, as it leads to more innovations and quality improvements. This determinant combines competition with cooperation, as it suggests that the competing actors start to cooperate to achieve benefits, which are desired and needed by the whole cluster. It is obvious that these determinants are inside facts of a tourist destination and cluster, which makes the system incomplete due to the fact that it examines only internal factors.

³³ Porter, M. E. (2003), 'The Economic Performance of Regions', *Regional Studies*, Vol.37, Issues 6&7, August/October, p.575.

³⁴ Porter, M.E. (1990). *The Competitive Advantage of Nations*, The Free Press, New York p.127.

Porter understood, that external factors shouldn't be omitted, so to complete the Diamond, two more determinants were added to the model. It's needless to say that the external determinants can impact all internal factors directly, especially the Government. By adding Government to the Diamond Model, Porter wanted to highlight its role as an administrator, as it can intervene at any level – local, regional or state. Regarding tourism, Government stimulates local cooperation between the stakeholders, collects information on trends and needs of the sector, and conducts public policy in the field. Governments provide legal framework for tourism stakeholders, and what is even more important – stimulates dialogue and cooperation among the cluster constituents with the aim of increasing competitiveness of a destination. The second external determinant is a Chance. The role of could be simply put in respect to tourism as an explanation tool for occurrence of a cluster on a particular territory with such reasoning as unique climate or nature, history, landscapes, geographical position or luck. It is implied that tourism emerges at a given place at a given time by chance, when it becomes obvious that it can be used as an instrument for development and competition.

Porter's Diamond Model for competitiveness, originally intended as an explanation tool for business sector and industry, has broadened its horizons and now is extensively used for analyzing competition between states, and what is more important in context of globalization, regions. One of the central arguments in Porters advocacy of competition between regions is that they should be eager to exploit their own internal resources as effectively as possible, in other word they should strive to improve their comparative advantages, if they have any, into competitive. Effective integration of different factors by a destination could provide more abilities to be competitive on global scale. Creation of a cluster – “a manifestation of the Diamond at work”³⁵, should become a result of it.

Porter also argues that regions with their economies and clusters of different kind should be seriously considered, as regional economies nowadays have striking importance for the overall performance of nations³⁶. Having a universal character, the model is highly applicable for analysis of tourism clusters and destinations. Its highest merit is that it tailors a wide arrange of attributes, which are relevant to evaluate competitiveness. In some cases, the determinants of Porter's Diamond Model have a direct relationship to politics and international relations, be that matters of governance, competition and cooperation, history and even geographical position. Porter's determinants are well-defined and work very well, but when approaching the issue of

³⁵ Porter, M.E. (2000), 'Location, Competition, and Economic Development: Local Clusters in a Global Economy', *Economic Development Quarterly*, Vol.14, Issue 1, February, p.20.

³⁶ Porter, M. E. (2003), 'The Economic Performance of Regions', *Regional Studies*, Vol.37, Issues 6&7, August/October, p. 571.

tourist destination competitiveness, it's important to remember that it goes far beyond notions of economic performance and productivity, as it involves processes and concepts inextricably linked to IR.

By carefully analyzing the suggested determinants of competitiveness a researcher could better understand strong and weak points of a cluster or destination. Porter's Diamond Model is a clear and understandable approach which could be practically utilized by tourist destination stakeholders in their current operations. Competitiveness is a complex issue, which involves several interconnected factors. The practical applicability of Porter's approach is that the Diamond Model actually provides detailed guidelines for conducting comprehensive SWOT-analyses of a tourist destination, a wide-spread practical instrument used for strategic management and planning, and thus enables to produce effective action plans with thorough review of all significant aspects of competitiveness. Michel Porter also admits that geographical aspect of cluster formation, stating that "while it is essential where clusters form, where they form also matters"³⁷. This observation will be expanded in the next paragraph by resorting to geo-economics. Policy-makers and implementers should understand the specificities of different factors in their operating environment, and the Model could help them in evaluation of their own capabilities and prerequisites.

2.3. Geo-economics of Tourism

The ideas of Michael Porter have been hugely utilized by scholars and researchers, who develop the studies of geo-economics, which is considered to be the successor of geopolitics. The term itself is not new – it first appeared after World War II in works of Pascal Louvert, but the most significant impetus was given by Edward Luttwak in 1990s with his essay "From Geopolitics to Geo-Economics: Logic of Conflict, Grammar of Commerce"³⁸. The core idea presented in the paper is that the old traditional military methods in interactions between the state and in competition for influence and dominance are being substituted with methods of commerce and the economy. It means that in competitive globalized world governments strive to reach their goals and dominance by means of economy and trade. In addition to that, it's vitally important to admit that geo-economics seek to explain the power of nation, state or region by linking geography with economy.

³⁷ Porter, M. E. (1998), 'Clusters and the New Economics of Competition', *Harvard Business Review*, November-December, p.86.

³⁸ Luttwak, E.N. (1990), 'From Geopolitics to Geo-Economics: Logic of Conflict, Grammar of Commerce', *The National Interest*, №20, Summer, pp. 17-23.

At the same time, the logic of Luttwak still remained realistic to some extent due to his determinacy concerning the role of state as a central unit of international relations, and the assumption concerning tough competition and rivalry³⁹. Here, I want to recall the famous quotation of Prussian general and military theorist Karl von Clausewitz, who once claimed that “War is...the continuation of politics by other means”. It’s very hard to disagree with this argument even today, but now, in a globalized competitive world, and under geo-economic assumptions, it is also true to add that economics have become the continuation of war by other means. At the same time, it’s important to remember that the drift from geopolitics to geo-economics still remains a matter of debate, and both of them are better understood as geostrategic discourses⁴⁰, as argued by Sparke. A researcher can’t be wrong choosing either of paradigms, because none of them is totally right or wrong. Depending on the nature of study, it’s good to have a choice of different standpoints and ways of approaching the subject, especially when they provide opposite views but remain interchangeable.

It is necessary to expand on the influence of geo-economics on other fields of research. For instance, Anochin and Lachininskii provide evidence that it has become a trend in social geography due to its appreciation of globalization issues⁴¹. They recognize the convenience of geo-economic assumptions which could be used for exploring competition in connection to territories, spatiality, geographical location and allocation of resources. It is also emphasized that geo-economics could be studied at different geographical levels⁴². This argument allows concluding that different geographical units like macroregions, countries, regions, cities and smaller locations are subjects of geo-economic discourse. It was already stated, that according to Michael Porter regions become the main actors in global competitive environment, and the young branch of geo-economic studies – tourism geo-economics, reiterate this view.

Geo-economics of tourism spin around the same concepts proposed by the original theory. The underlying assumptions of global competition, role of economy and the aim to be dominant remain the same, but the central territorial units here are tourist destinations and regions. According to Tarasyonok, states and their regions are involved in global competition in different spheres like high-tech, energy, finance, and labor, and tourism, being a complicated combination

³⁹ Luttwak, E.N. (1993), ‘The Coming Global War for Economic Power: There are no Nice Guys on the Battlefield of Geo-economics’, *The International Economy*, Vol.7, №5, pp.18–67.

⁴⁰ Sparke, M. (2007), ‘Geopolitical Fears, Geoeconomic Hopes, and the Responsibilities of Geography’, *Annals of the Association of American Geographers*, Vol.97, №2, p.340.

⁴¹ Anokhin, A.A. and Lachininskii, S.S. (2015), ‘Evolution of the Ideas and Contents of Geoeconomic Studies’, *Regional Research of Russia*, Vol.5, №1, p.82.

⁴² Idem p.85.

of economic, political, social, industrial and even ecological sub-systems, is also on the list⁴³. Geo-economics of tourism embraces features of recreational geography and tourism economy, where states and regions are the objects of research, and different impact forms of international tourism on them as a research subject.

The role of state is diminishing, while destinations are drawing considerable attention. In addition to that, new subjects of tourism geo-economics emerge: politico-economic unions of states (like EU), autonomies within a country (like Catalonia) and even areas near the border of neighboring countries (like euroregions or border regions)⁴⁴. And regardless of size or status of these territorial formations, tourism appears to be one of the development factors. Keeping this in mind, the primary aim and the applied task of tourism geo-economics is defined as strategy production for a particular tourist destination, which will provide local authorities and enterprises with competitive advantages over rivals⁴⁵. Strategic planning with setting long and short-term goals is an essential part of work of local authorities and tourism-related enterprises, as their goal is to cope with competition⁴⁶, and this is a process where fundamental postulates of Porter theory of competing nations and tourism geo-economic principles along with strict adherence to Porter Diamond Model could have practical application.

⁴³ Tarasenok, A.I. (2011). *Geo-economics of Tourism: the Manual*, INFRA-M, Novoe Znanie, p.13.

⁴⁴ Ibid.

⁴⁵ Idem p.8

⁴⁶ Porter, M. E. (2008), 'The Five Competitive Forces That Shape Strategy', *Harvard Business Review*, January, p.2.

3. Tourism Trends and Governance in Finland and South Karelia

3.1. Significance of Tourism to Economy of Finland

It is necessary to review some facts in order to consider competitiveness of the Finnish tourism industry and that of South Karelia in particular. Travel and tourism industry has been increasing its significance as sector of economy of Finland in the last years. It's direct contribution to GDP in 2013 was estimated to 4,4 bn EUR, which is 2,4% of total GDP, and it is forecasted to reach the level of 2,7% of GDP by 2024⁴⁷. Total contribution amounted to 13,3 bn EUR and 6.8% of GDP. As for employment, it's total contribution in 2013 was estimated to 179,000 jobs (7,1%), with having 57,700 jobs directly (2,3%). The forecast for the future is also positive.

In absolute numbers, travel and tourism industry puts Finland on 49th place out of 186 countries in regard to contribution of the sector to the economy, but when it's viewed in relative terms, Finland is discarded to 124th place in the list⁴⁸. Finland is ranked below world and European average on the overwhelming majority of indicators concerning the significance of tourism to the economy. At the same time, there's some good news for tourist industry of Finland, which is that when compared to value added elsewhere, that of tourism was larger than the food industry's, over twice as high as agriculture's and many times as that made of the game industry⁴⁹. According to the estimates, every 1 EUR spent in tourism adds value of 55 cents to different industries. Nevertheless, the forecasts for the future are positive, which indicates that this sector of economy has potential for growth.

3.2. Foreign Tourist Demand in Finland and South Karelia

According to the estimates of Ministry of Employment and the Economy of Finland, out of 13,3 bn EUR expenditure on tourism 4,33 bn EUR are on foreign tourists (31% of total), and this figure has doubled since the beginning of XXI century⁵⁰. This sum of money was left in Finland by more than 7 mln foreign tourists. 2013 was a very successful year for Finland in terms of tourism, with a record of 20.2 mln overnight stays, of which domestic tourists accounted for 14.4

⁴⁷ World Travel and Tourism Council (2014). *Travel & Tourism Economic Impact 2014*. Finland, p.1.

⁴⁸ Ibid.

⁴⁹ Ministry of Employment and the Economy. *Tourism's Significance to Finland's National Economy*. Available at: <https://www.tem.fi/en/enterprises/tourism/tourism_s_significance_to_finland_s_national_economy>, retrieved 10.05.2015.

⁵⁰ Ministry of Employment and the Economy. *Finnish Tourism in Numbers*. Available at: <https://www.tem.fi/files/41894/Finnish_Tourism_in_numbers-infogr-2015_eng.pdf>, retrieved 10.05.2015.

mln and foreign tourists for almost 5.9 mln⁵¹. Out of these 5.9 mln overnight stays, 1.6 mln (around 28%) were after Russian tourists, showing solid growth of 7,5% comparing to previous year, who were followed by Swedish, German and British visitors. The same overall situation continued in foreign tourist shares in the next year, with Russia securing the lead with approx. 1,339,200 overnights, Sweden – 534,200, Germany – 498,400, Great Britain – 446,400, France – 215,200, USA – 203,300 and other countries – 2,460,500.

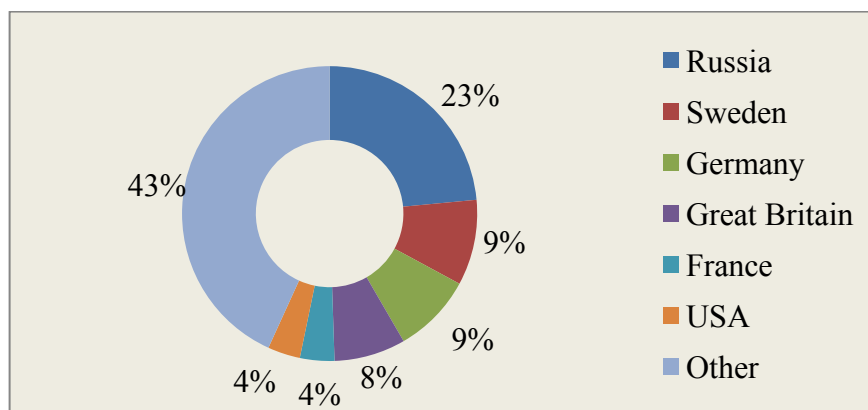


Figure 2. Overnight Stays by Foreign Tourists in Finland in 2014⁵².

However, 2014 for tourism in Finland was not so successful due to harsh political and economical situation associated with crisis in Ukraine. The total number of overnight stays by foreigners in Finland decreased by 2,3% due to the fact that Russian visits being the most significant group decreased by nearly 20%.

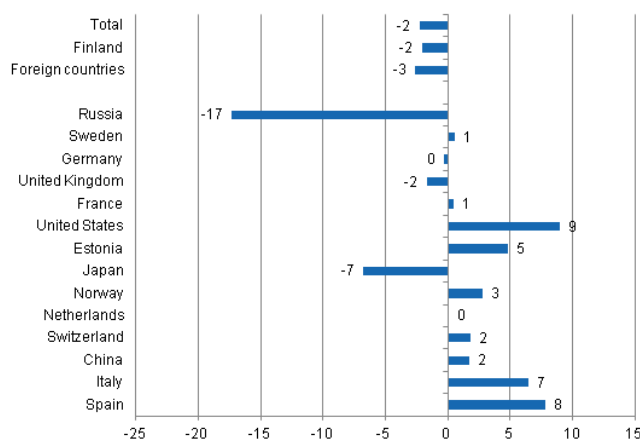


Figure 3. Change in Overnight Stays 2013/2014, %⁵³.

⁵¹ Statistics Finland (2014). *Foreign Demand for Accommodation Services Grew by one per cent in 2013*. Available at: <http://www.stat.fi/til/matk/2013/matk_2013_2014-05-30_tie_001_en.html>, retrieved 10.05.2015.

⁵² Ministry of Employment and the Economy. *Finnish Tourism in Numbers*. Available at: <https://www.tem.fi/files/41894/Finnish_Tourism_in_numbers-infogr-2015_eng.pdf>, retrieved 10.05.2015.

⁵³ Statistics Finland (2015). *Demand for Accommodation Services Declined by 2.3 per cent in 2014*. Available at: <http://www.stat.fi/til/matk/2014/matk_2014_2015-04-29_tie_001_en.html>, retrieved 10.05.2015.

In South Karelia, the situation was even more dramatic than in the other regions due to the fact that Russian overnights have dropped by almost 23,5%. Another sign that South Karelia was through the hard times was a drop in accommodation occupancy rate by 2,5%.

	Overnight stays by foreigners, total	Overnight stays by foreigners, Russians	SK foreign overnights, total	SK foreign overnights, Russians	SK accommodation establishments	SK occupancy rate, %
2014	5,710,340	1,339,526	320,130	269,705	49	49,2
2013	5,860,447	1,620,419	394,674	352,418	39	51,3
2012	5,802,959	1,506,900	336,492	291,504	34	53,9
2011	5,507,468	1,286,598	270,096	230,096	30	54,6

Table 1. Foreign and Russian Tourism to Finland and South Karelia 2011-2014⁵⁴.

The presented statistics indicate that Finland as a tourist destination is becoming a more attractive destination for foreign tourists. The role of Russian visitors for tourist industry on the scale of the whole country, as well as for the region of South Karelia in particular is critical. Special role in Russian tourist inflow to Finland and to the border region of South Karelia is attributed to St.Petersburg, which is only 200 km from the state border. Fontanka.fi draws attention to the fact that General Consulate of Finland in St.Petersburg had set a record of giving 1,25 mln Schengen visas to Russians, with over 90% of them being multi-visas⁵⁵. At the same time, it was highlighted that even though the number of issued visas in 2014 decreased to 900,000, it repeats the statistics of 2011, which was naturally not a bad year.

Another interesting statistic showing the significance of Russian tourist to Finnish and South Karelian economy is the number of property purchases.

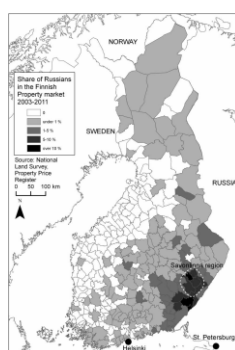


Figure 4.Share of Russians in the Finnish Property Market (2003–2011) (source: National Land Survey of Finland, 2012)⁵⁶.

⁵⁴ Statistics were compiled into a table by author from yearly Accommodation Statistics Releases published by Statistics Finland. Available on: <http://www.stat.fi/til/matk/tie_en.html>, retrieved 10.05.2015.

⁵⁵ Fontanka.fi (16.12.2014). 'The number of issued Finnish visas will drop to the level of 2011', Available on: <<http://fontanka.fi/articles/17837/>>, retrieved 10.05.2015.

⁵⁶ Lipkina, O. (2013), 'Motives for Russian Second Home Ownership in Finland', *Scandinavian Journal of Hospitality and Tourism*, Vol. 13, №4, p.301.

These statistics indicate that in the period 2003-2011 Russians bought so many houses and cottages in Finland that by 2012 in South Karelia on average from 1-5% of property belonged to them, with municipalities of Imatra and Ruokolahti taking the lead with shares over 5%. Finland is considered to be a very attractive destination for Russians to have dachas (second homes/cottages) due to natural advantages and proximity to the Russian border.

Finland and South Karelia in particular have proven to be popular destinations for tourists especially from Russia and St.Petersburg. Popularity has been constantly growing in the last years, but the globalized world has become volatile. When political or economic constraints arise, downfalls are inevitable. Nevertheless, the general ascending tourist inflow trend has not changed, and Suomi with its unique regions is still on demand. The acquired knowledge of tourist trends will be used in analysis of tourist attractiveness of South Karelia with the help of Porter Diamond Model under Demand Conditions determinant.

3.3. South Karelia Factor Conditions

Keeping in mind the assumptions of Porter Diamond Model, it is important to outline the preconditions South Karelia has as a tourist destination. These include presence of tourist infrastructure and activities, accessibility and precondition for effective operations.

One of the most important factors of tourist attractiveness is a supply of accommodation. For this purpose, it seems appropriate to use Booking.com, an online service for finding suitable accommodation in any place of the world. According to Booking.com, South Karelia can offer 102 options for accommodation⁵⁷. There are two 2-stars hotels, nine 3-stars hotels, twenty one 4-stars hotels, four 5-stars hotels, and 66 properties without star rating, meaning hostels, guesthouses and opportunities to rent apartments or cottages. The supply is really diverse, as there are offers of any price category.

Another determinant precondition for being a successful destination is a variety of tourist sites, attractions of any kind and places to eat out. According to TripAdvisor.com, another popular online service for finding accommodation, tourist attractions and restaurants worldwide. Due to specificity of TripAdvisor search engine, it is only possible to find all this facilities by city or area separately, not the whole region. According to search results⁵⁸, Lappeenranta can offer 18 things to do and 37 places to have lunch. Imatra has 9 attractions and 17 restaurants. As for other

⁵⁷ Booking.com. *Accommodation in South Karelia*. Available on: <<http://www.booking.com>>, retrieved 10.05.2015.

⁵⁸ TripAdvisor.com. *Search for Attractions in Finland*. Available on: <<http://www.tripadvisor.ru/Tourism-g189896-Finland-Vacations.html>>, retrieved 10.05.2015.

municipalities of South Karelia, information on them is surprisingly scarce, that's why it would be better to consult goSaimaa *Holiday Guide* 2015, which is available on the official web-page of this enterprise. According to information provided, all in all South Karelia has 63 places of tourist attraction⁵⁹. Apart from that, *Holiday Guide* contains all necessary information and contacts of 25 places for active leisure, fishing and entertainment, 5 places for wellness, 18 places for leisure on Lake Saimaa, as well as 10 biggest shopping malls. In addition to that, *Holiday Guide* outlines the event program for the whole year, which counts 122 events, which might be interesting incoming tourists. From my experience as a guest of the region, the list of places and activities is not exhaustive, but provides enough info for average tourist.

Speaking about the accessibility of the region, it's worth saying that it's reachable from Russia by any means of transport with one exception – airplanes, although Lappeenranta has an international airport. According to *Holiday Guide*, there are four daily Allegro speed trains stopping at Vainikkala station (30 min from Lappeenranta by bus) heading from St.Petersburg through Vyborg, and 1 daily Leo Tolstoy brand train heading from Moscow. As for border-crossing points, Nujamaa/Brusnichnoe border station is the best choice to come to Lappeenranta, whereas Imatra/Brusnichnoe border point serves tourist going to Imatra. At both stations it's possible to cross borders by bicycle without queuing. Regular bus trips from Vyborg and St.Petersburg are organized by the Tilausliikenne E. Rantanen company, and it's needless to say about dozens of minibus one-day tours, organized by smaller private transporters.

In order to provide quality services and be an attractive destination, South Karelia needs to comply with high standards on a wide range of factors. These parameters are carefully analysed for the whole country and rated by World Economic Forum, and then included in an annual report, where Finland occupies 17th place among 140 countries with a score of 5,1 in Travel & Tourism Competitiveness Index⁶⁰.

Indicator	Score (1-7)	Rank (1-140)
Policy rules and regulations	5,4	7
Environmental stability	5,9	3
Safety and security	6,5	1
Health and hygiene	6,3	15
Prioritization of T & T	4,6	53
Air transport infrastructure	5,3	11
Ground transport infrastructure	5,2	20

⁵⁹ GoSaimaa Ltd. *Holiday Guide* 2015. Services Directory, p.38-43. Available on: <<http://www.gosaimaa.com/loader.aspx?id=54a01304-92db-4d62-929b-1c1272f7c2ab>>, retrieved 10.05.2015.

⁶⁰ Blanke, J., Chiesa, T. (eds) (2014). *The Travel & Tourism Competitiveness Report 2013. Reducing Barriers to Economic Growth and Job Creation*. World Economic Forum, p.166.

Tourism infrastructure	4,8	44
ICT infrastructure	5,4	13
Price competitiveness	3,8	118
Human resources	5,8	4
Affinity for T &T	4,7	64
Natural resources	3,9	54
Cultural resources	4,3	26

Table 2.Key Travel and Tourism Indicators for Finland, 2013⁶¹.

The table above contains composite indicators of tourism competitiveness of Finland for 2013. Finland finds itself above the most competitive countries in the sphere of tourism with showing top or high results in safety, legislature, human resources, environment, infrastructure, cultural and natural resources. Probably the only clear weak point is price competitiveness. As far as these parameters are true for the whole country, they should be probably equally valid for the region of South Karelia, which allows to draw a bottom line that areas of Imatra and Lappeenranta have all necessary prerequisites for being a highly competitive and attractive tourist destination.

3.4. Tourist Regions in Finland

The growing importance of regions in the era of global competition, as well as tourist destinations taking part in rivalry over tourist flows, has already been examined. Keeping in mind that tourist destinations simultaneously compete and cooperate with each other by exploiting their competitive advantages with the aim to dominate tourist market and thus to ensure welfare and sustainable development, it is important to put these regions on the map. It was pointed out, that competition takes place not only with foreign destinations, but also inside the country. Now, it seems appropriate to examine the tourist regions of Finland as they are seen from Finnish perspective, and define the place South Karelia in this hierarchy. This will definitely provide preliminary knowledge concerning another determinant in Porter Diamond Model, which is Strategy, Structure and Rivalry.

Travel and tourism portal Discovering Finland is aimed at providing services to 2 categories and users – Finnish and foreign tourists and local Finnish service providers. The site delineates Finland into 6 large tourist regions: Lapland, Lakeland, Helsinki Metropolitan area, the Aland,

⁶¹ Blanke, J., Chiesa, T. (eds) (2014). *The Travel & Tourism Competitiveness Report 2013. Reducing Barriers to Economic Growth and Job Creation*. World Economic Forum, p.167.

West Coast, and Southern Coast and Archipelago⁶². The site provides all necessary information concerning the events, attractions, services, and accessibility on each of these tourist regions. Lakeland is described as a natural paradise not just for anglers but for all who love pure, clean waters, due to the fact there is more water than land⁶³. It is emphasized that all cities and towns are standing on the shore of countless picturesque lakes and are surrounded by forests and farmlands. Discovering Finland highlights 12 most interesting tourist destinations for tourists, which are the cities of Tampere, Kuopio, Savonlinna, Lappeenranta, Jyväskylä, Joensuu, Mikkeli, Varkaus, Lisalmi, Kajaani, Kuhmo and Imatra⁶⁴.

Another tourist regions division is proposed by Finnish Tourist Board, which is run by the Government and is operating under the brand name VisitFinland. Being the main instrument of Finland's promotion and marketing as a destination, the official travel site of Finland has a more appealing design than Discovering Finland, and a better toolkit. It is emphasized that Suomi is quite a long country stretching around 1000 km from north to south, with very diverse landscapes and climate. VisitFinland proposes its own division of the country into 4 distinctive tourist regions, stressing that this would allow easier understanding what the country is all about⁶⁵. These regions are Lapland, Lakeland, Helsinki region, and Coastal & Archipelago. The main attractions, distinguishing features, hallmarks, specialties and wonders are depicted on an artistic map.



Figure 5. Tourist Regions of Finland -The Big Four⁶⁶.

⁶² Discovering Finland, *Regions and Cities in Finland*. Available at: <<http://www.discoveringfinland.com/travel/regions-cities/>>, retrieved 09.05.2015.

⁶³ Discovering Finland, *Lakeland*. Available at: <<http://www.discoveringfinland.com/travel/regions-cities/eastern-finland/>>, retrieved 09.05.2015.

⁶⁴ Ibid.

⁶⁵ VisitFinland. *Destinations – The Great Four*. Available at: <<http://www.visitfinland.com/destinations/>>, retrieved 09.05.2015.

⁶⁶ Ibid.

Lakeland is described as the most important birthplace of Finnish identity, a blue labyrinth of lakes, islands, rivers and canals, interspersed with forests and ridges, the largest lake district in Europe which can boast 1000's of lakes, 200,000 cottages and 310 Saimaa ringed seals and 1 opera festival⁶⁷. Inside the region, VisitFinland refers to the following areas: Kuopio, Joensuu, Savonlinna, Mikkeli, Lappeenranta-Imatra (united), Tampere, Jyväskylä-Himos, Kajaani-Kuhmo-Vuokatti, Hämeenlinna and Lahti-region⁶⁸.

The last classification of tourist regions we're going to check is provided by goSaimaa Ltd, a company which is solely responsible for tourism promotion and marketing of South Karelia region as a whole. The enterprise advertises diverse activities in the area all year round with using the nature and Lake Saimaa as the main factors of tourist attractiveness⁶⁹. The key instrument is the web-site, where tourists can find any sort of information regarding accommodation, events, attractions and sights, as well as brochures and tourist maps. GoSaimaa is focused on services and offers on the scale of the whole region, but it clearly separates 2 sub-regions for holiday – Imatra and Lappeenranta areas, which in turn are comprised of the same name cities and other municipalities⁷⁰. Special emphasis is put on Imatra and Lappeenranta, as well as Rauha and Ukoniemi holiday areas, which are situated between the two regional centers. At the same time, other municipalities also enjoy good coverage.

It goes without saying that, regardless of classification, the tourist regions of Finland compete with each other. They offer different kinds of leisure activities, some of them make those regions really special. For example, tourists go to Lapland to visit Santa Claus, to do downhill skiing in Ruka and Levi, to enjoy Northern Lights. West Coast and Archipelago are excellent for land and water activities, such as fishing, with the Åland as the most typical destination. Helsinki, being the capital of the country, offers probably the widest range of ways of passing time. History, culture, shopping, nature, all kinds of events – that's what makes it attractive for tourists. Lakeland is the heart of Finland, offering an incredible number of experiences, both cultural and natural, with an emphasis on wellness on the shore of the Lake Saimaa. Hypercritical tourist can argue that Finnish tourist regions all look the same at first site and provide ordinary identical services, but this is not actually true. Tourists go to this or that particular region with a different purpose, because every region has something special to suggest. But some of them probably still

⁶⁷ VisitFinland. *Lakeland*. Available at: <<http://www.visitfinland.com/lakeland/>>, retrieved 09.05.2015.

⁶⁸ Ibid.

⁶⁹ GoSaimaa Ltd. *Fun Activities in the Saimaa Area*. Available at: <<http://www.gosaimaa.com/en/Activities>>, retrieved 09.05.2015.

⁷⁰ GoSaimaa Ltd. *Lappeenranta and Imatra Region*. Available at: <<http://www.gosaimaa.com/en/About-area/Region>>, retrieved 09.05.2015.

don't know that they're actually spoilt for choice, and this is the issue which should be seriously considered by Finnish authorities and tourism-related enterprises.

3.5. Stakeholders and Actors of Tourism Development

The aim of this chapter is to identify the key tourism development-related stakeholders in Finland. Awareness of the way they work and communicate with each other, their place in tourism-related operations is important for full understanding of what was included into Porter Diamond Model under the term Government, in relation to a tourist region.

To make the scheme of tourism-related actors in Finland as clear as possible, I suggest defining the stakeholders by their specificity, which is rooted in two things. The first thing is the level of operations justified by spatiality and geographical scope. It means that tourism actors could be split into 3 categories: those who work at state, regional and local levels⁷¹. Communication and cooperation between the stakeholders in this framework is done both vertically and horizontally. Mutual efforts and close ties between the actors at different levels increases effectiveness of their work.

Secondly, these actors could also be categorized into 2 big groups by their scope of responsibilities and fields of activities. The first group includes governmental bodies and local authorities, who are in charge of production and implementation of tourism development strategies and plans. The second group is comprised of enterprises that work close with executives, but are fully accountable for tourism promotion and marketing. Members of the 2 groups communicate with each other at all levels, but their responsibilities and working style obviously differ.

Stakeholders will be examined one after another at three levels – national, regional and local. The result of this investigation will be a scheme, which frames the main actors according to their special features into an extensive hierarchy.

3.5.1. Tourism at National Level

At the national level, tourism administration is a prerogative of the Ministry of Employment and the Economy of Finland. In general, it is responsible for defining the priorities of tourism policy,

⁷¹ Tarasenok, A.I. (2011). *Geo-economics of Tourism: the Manual*, INFRA-M, Novoe Znanie, pp.151-153.

the general development of tourism, and the coordination of support measures for tourism⁷². Its duties also include legislation process, development of tourism relations with other countries, as well as cooperation with EU and OECD on international tourism matters.

Between 2010 and 2014, the key strategic document was *Finland's Tourism Strategy to 2020 – Four Good Reasons to Promote Tourist Industry Development*, which was a predecessor of the first tourism strategy accepted in 2006⁷³. The aim of the document was to propose a number of policies for public sector, to set development targets and to suggest measures, which should be undertaken in order to reach the goals. In 2015, the strategy was actually substituted by a new Roadmap for Growth and Renewal in Finnish Tourism for 2015–2025 – Achieving More Together, a by-product of Tourism Industry Top Project, which was conducted in accordance with the previous tourism strategy⁷⁴. The goal of this document is to make Finland №1 tourist destination in Northern Europe by year 2025 by increasing cooperation between tourism-related actors, making Finnish products more accessible and well-known, and fostering competitive environment in order to maintain growth and renewal. It's important to admit that this Roadmap was accepted in the times when Finland was having tough times as a tourist destination due to difficult economic and political situation in 2014-2015.

Implementation of the Roadmap is not a sole responsibility of Ministry of Employment and the Economy. As it was before with the Strategy, this job is done by the MiniMatka Working Group, which conveys several times a year and has the aim to exchange information at inter-ministerial level⁷⁵. Delegates from Foreign Affairs, Transport and Communications, Agriculture and Forestry, Education and Culture Ministries, and representatives of some other agencies put much effort in tourism development and promotion, but Ministry of Employment and the Economy plays the main role.

With the aim of promotion and marketing Finland as a tourist destination the Ministry runs The Finnish Tourist Board. It works closely with ministries, travel businesses, transport companies and Finnish regions⁷⁶. The primary objective of this organization is defined as marketing of leisure tourism to Finland from abroad. Other fields of its work are collecting statistics, conducting research and developing new products.

⁷² Ministry of Employment and the Economy. *Tourism*. Available at: <<https://www.tem.fi/en/enterprises/tourism>>, retrieved 09.05.2015.

⁷³ Ministry of Employment and the Economy (2010). *Finland's Tourism Strategy to 2020. Four Good Reasons To Promote Tourist Industry Development*. p.5.

⁷⁴ Ministry of Employment and the Economy. (2015). *Achieving more together – the Roadmap for Growth and Renewal in Finnish Tourism for 2015–2025*. p.6.

⁷⁵ Ministry of Employment and the Economy. *MiniMatka Working Group*. Available at: <http://www.tem.fi/en/enterprises/tourism/minimatka_working_group>, retrieved 09.05.2015.

⁷⁶ VisitFinland. *About us*. Available at: <<http://www.visitfinland.com/about-us/>>, retrieved 09.05.2015.

Finnish Tourist Board actually operates under the brand name VisitFinland, which organizes different kinds of events and congresses, carries out numerous image and product campaigns in foreign countries, arranges introductory trips and works with the target group online on official web-page and in social networks⁷⁷. VisitFinland operates worldwide and has 10 marketing representatives in the key regions and countries. In addition to that, the enterprise, being a Finpro member, takes active part in work of Team Finland network, which exists to promote the external economic relations and country brand of Finland⁷⁸, and has representative offices in 70 countries.

3.5.2. Tourism at Regional Level

At the regional level, tourism is an area of responsibility of one of the 19 Regional Councils. In case of this research, we need to refer to Regional Council of South Karelia (Etelä-Karjalan liitto). Every Regional Council has the task of operating as the authority for regional development and unit for regional planning, as well as looking after regional interests and promoting economic development and cultural well-being⁷⁹. It is a body which is also in charge of developing regional tourism sector, with Ms.Anu Talka, a Regional Counsellor responsible for these matters. All tourism-related work in South Karelia is done in accordance with South Karelia Tourism Strategy, which was adopted for period 2006-2015⁸⁰. In her feedback, Ms.Anu Talka announced, that since the beginning of year 2015 the Regional Council had been working on a new tourism strategy⁸¹. The new action-plan is scheduled to be finalized in autumn 2015, and according to the Regional Counsellor, the original Master's thesis is highly anticipated and is expected to contribute to the strategic planning process.

In fact, Regional Council of South Karelia is also assisted by ELY Centre of South East Finland in its tourism-related matters. Established on 1 January 2010, the Centres for Economic Development, Transport and the Environment (ELY Centres) form part of the government's reform project for regional administration⁸². ELY Centre fulfills a range of tasks in 3 priority areas, which are: 1) business and industry, the labour force, competence, and cultural activities,

⁷⁷ VisitFinland. (2014). *Finnish Tourist Board Annual Report 2013*. pp.4-6.

⁷⁸ Team Finland. *What is Team Finland?* Available at: <<http://team.finland.fi/public/default.aspx?nodeid=46788&contentlan=2&culture=en-US>>, retrieved 09.05.2015.

⁷⁹ Regional Council of South Karelia. *Organization and Planning*. Available at: <<http://www.ekarjala.fi/liitto/en/planning-and-development/>>, retrieved 09.05.2015.

⁸⁰ Regional Council of South Karelia. (2006). *South Karelia Tourism Strategy 2006-2015. Programming Agreement*.

⁸¹ The questionnaire was completed by Anu Talka and sent via email on 02.04.2015.

⁸² Centre for Economic Development, Transport and Environment. (2010). *Centres for Economic Development, Transport and Environment at Your Service*. p.2.

2) transport and infrastructure, and 3) the environment and natural resources. ELY Centre of South East Finland actually provides public support to Regional Council and local enterprises by conducting research, financing, training and consulting. Having an indirect impact on regional tourism development in South Karelia, ELY Centre still serves the purpose and remains an integral part of tourism policy administration structure.

The role of the regional promoter of tourism to South Karelia is attributed to goSaimaa Ltd. It is a corporation founded by the local cities, municipalities and travel companies with the aim to boost tourism in entire South Karelia by marketing the diverse product selection by the travel service producers⁸³. Its mission and responsibilities are close to those of the Finnish Tourist Board, which operates under the brand name VisitFinland. The actual marketing of South Karelia as a tourist destination is done mainly through the official web page, which is available in Russian, English and Finnish. Its informative site provides all possible information concerning tourism in the region: accommodation, summer, winter and year-round activities, information on tourism-related places and facilities, cultural sights and museums, all sorts of services and their location, possibilities of organizing group tours and meetings, and many other useful tips. Instructions where to find and how to contact tourist information centers in Imatra and Lappeenranta is also available.

Online marketing is a core instrument of the organization for reaching the target audience. For instance, goSaimaa periodically conducts competitions and raffle prizes like free-of-charge stay in one of local SPA centers, or free admission to flow-parks or other activities for subscribers in social networks Vkontakte, Instagram, Facebook and YouTube. The organization is really active in Vkontakte social network, running a group with almost 30 thousand participants and publishing numerous posts on its wall on a daily basis telling the readers what's currently going on in the region. Both the official web site and social network groups are easily accessible, and getting feedback from Russian-speaking staff on any issue is a matter of minutes.

For those tourists who are yet not familiar with online services and information provided by the enterprise, goSaimaa issues a printed tourist Holiday guide (print run 50 thousand), city maps and seasonal weakly Imatra and Rauha/ Lappeenranta region activity programmes⁸⁴. All these materials are available in 3 languages, and are spread free of charge in hotels, shopping centers

⁸³ GoSaimaa Ltd. *About Area. goSaimaa Ltd.* Available at: <<http://www.gosaimaa.com/en/About-area/goSaimaa-Ltd>>, retrieved 09.05.2015.

⁸⁴ GoSaimaa Ltd. *Downloadable Files and Brochures.* Available at: <<http://www.gosaimaa.com/en/Services/Brochures,-maps>>, retrieved 09.05.2015.

and main tourist sites of the region. Moreover, Holiday guide could also be found in Suomi-talo in St-Petersburg.

One of the recent marketing campaigns of goSaimaa took place in St.Petersburg. Suvi Ahola, Project Manager of the organization, explained that due to recent sharp decline of tourist inflow from the city to South Karelia in 2014 goSaimaa had to increase its activity by new means to maintain popularity as a destination⁸⁵. The first promotion campaign included placement of around 70 advertisements of goSaimaa all around St.Petersburg at bus stops and billboards. The ads had the following message – that South Karelia is an affordable SPA holiday place for the whole family, and that it's really close to St.Petersburg. The second campaign took place in the biggest and most popular shopping centers in the heart of the city - Stockman (14-15 March) and Galeria (19-21 March), when goSaimaa organized stands presenting the assortment of services and events for spring and summer.

3.5.3. *Tourism at Local Level*

At the local level, the tourism policy implementation falls into sphere of responsibility of municipalities. South Karelia is comprised of 9 municipalities, which are divided into 2 big sub-regions – Imatra and Lappeenranta areas, or regions⁸⁶. Imatra region includes the city of Imatra, Parikkala, Rautjärvi and Ruokolahti, whereas Lappeenranta region consists of city of Lappeenranta, Lemi, Taipalsaari, Savitaipale and Luumäki.



Figure 6. Municipalities of South Karelia⁸⁷.

⁸⁵ Skype interview with goSaimaa Project Manager Suvi Ahola was conducted 27.03.2015.

⁸⁶ Regional Council of South Karelia. *Organization and contacts*. Available at: <http://www.ekliitto.fi/en/blog/englanti-tervetuloateksti/>, retrieved 03.04.2015.

⁸⁷ Ibid.

Finland's municipalities are self-governing entities, which, under Finnish law, have the right to decide on their own matters⁸⁸. All in all, there are more than 300 municipalities in Finland, and this number sometimes change due to territorial mergers. Together with local governments, are cornerstones of self-government and democracy. Principle of self-governance is enshrined in the Finnish Constitution, and endows municipalities with a broad range of duties and responsibilities⁸⁹. Local authorities are partially independent from central government in Finland, and their activities should be in accordance with the general political line executed at the top. In addition to that, municipalities are granted right to participate independently in foreign affairs. They can become members of international organizations intended to foster cooperation and contact, like Union of the Baltic Cities or Eurocities. At the same time, they may be present in Assembly of European Regions or Association of European Border Regions, for example. Municipalities can also draw funding from the EU for their projects through the institution of twin cities, which is designed to promote cooperation between cities from different countries⁹⁰. It is especially topical for border regions like South Karelia, as it allows building close contacts with neighbors as well as other remote cities and towns. For instance, 7 cities of the region all together have 32 partners all round the Baltic Sea region, with Lappeenranta and Imatra leading the list with 14 and 7 twin cities respectively⁹¹. As for the Russian twin cities, Imatra partners with border town Svetogorsk (since 1991) and Tikhvin (1975), Lappeenranta with Klin (1966), Leningrad Oblast (1988) and Vyborg (1987), Parikkala and Rautjärvi with Lahdenpohja (both since 1990), and Taipalsaari with Vysotsk (1991).

The municipalities of Finland have much freedom in building external relations and contacts. For some of them, especially for cross-border regions like South Karelia, tourism policy merges with foreign policy, because interactions and communication concerning broad range of issues often involves tourism-related matters. In case of Imatra and Lappeenranta, City Halls (Kaupunki) are in charge of tourism development and policy implementation. Mirka Rahman, the Head of Marketing Communications and Customer service of the city of Lappeenranta, is in charge of this, and I got a chance to meet her personally and had a very substantive discussion

⁸⁸ Suomi.fi. *Municipalities and Local Government*. Available at: <https://www.suomi.fi/suomifi/english/state_and_municipalities/municipalities_and_local_government/index.html>, retrieved 09.05.2015.

⁸⁹ Local Finland. *Local Self-government*. Available at: <<http://www.localfinland.fi/en/authorities/local-self-government/Pages/default.aspx>>, retrieved 09.05.2015.

⁹⁰ Local Finland. *International Cooperation*. Available at: <<http://www.localfinland.fi/en/authorities/international-co-operation/Pages/default.aspx>>, retrieved 09.05.2015.

⁹¹ Twin Towns of Finland. Available at: <<http://wwwold.kuntaliitto.fi/skriptit/kv-asiat/yk/selaa.asp>>, retrieved 09.05.2015.

concerning the issue⁹². The same duties and responsibilities have Heikki Laine, Communications and Marketing Manager of the city of Imatra. These people are solely accountable for tourism at local level, and keeping in mind the specific specialization of Imatra and Lappeenranta in this field, their role shouldn't be underestimated.

As for tourism promotion at local level, it is a job of such companies as Wirma Lappeenranta Ltd or Imatra Region Development Company Ltd (KEHY). These companies offer almost the same set of services. For example, Wirma Lappeenranta Ltd provides services for start-up enterprises, established businesses, and tourists in the Lappeenranta region, along with developing the operating environment and competitiveness of the region⁹³. Tourism development and promotion are ascribed one of top priorities, and the organization is rendering consulting services to its customers free of charge. Juha Sorjonen, Customer Experience Officer at Imatra Region Development Company Ltd (KEHY) highlighted that tourism development of the region is a strategic focus of the organization⁹⁴. The primary aim of KEHY is to support companies, which are starting operations in the tourism business, and developing companies, in order to create new jobs in the tourism industry⁹⁵. Consultancy is not the only way how this two development companies assist in tourism promotion and growth. They also run local tourist offices, which could be found in the city centers on Lappeentie, 12 in Imatra and in shopping center IsoKristiina on Brahenkatu, 1 in Lappeenranta. As for the other municipalities, they also have their tourist offices and information points, which are majorly situated in large museums.

3.5.4. Summary

Now let's make a little summary on hierarchic system of tourism in Finland. At state level, the Ministry of Employment and the Economy elaborates general policy lines for the whole country. Regional councils of Finland are partially subordinate to the Ministry, and their primary goals are coordination and planning. Municipality is a unit where real action takes place – projects and policies are implemented.

The hierarchy of organizations, which are responsible for branding, promotion and marketing, is also based on territorial principle. Finnish Tourist Board (VisitFinland) operates in the scale of a

⁹² Face-to-face interview with the Head of Marketing Communications and Customer Service of the City of Lappeenranta Mirka Rahman conducted 19.03.2015.

⁹³ Wirma Lappeenranta Ltd. *Developing the Region*. Available at: <<http://www.businessinnovations.fi/en/Developing-the-region>>, retrieved 09.05.2015.

⁹⁴ Skype interview with CXO, Customer Experience Officer Juha Sorjonen conducted 01.04.2015.

⁹⁵ Imatra Region Development Company KEHY. *Tourism Development*. Available at: <<http://www.kehy.fi/en/en/?id=234>>, retrieved 09.05.2015.

whole country. Regions of Finland have their own companies or enterprises for this purpose. Smaller local development companies run tourist offices at municipal level and also provide consulting services.

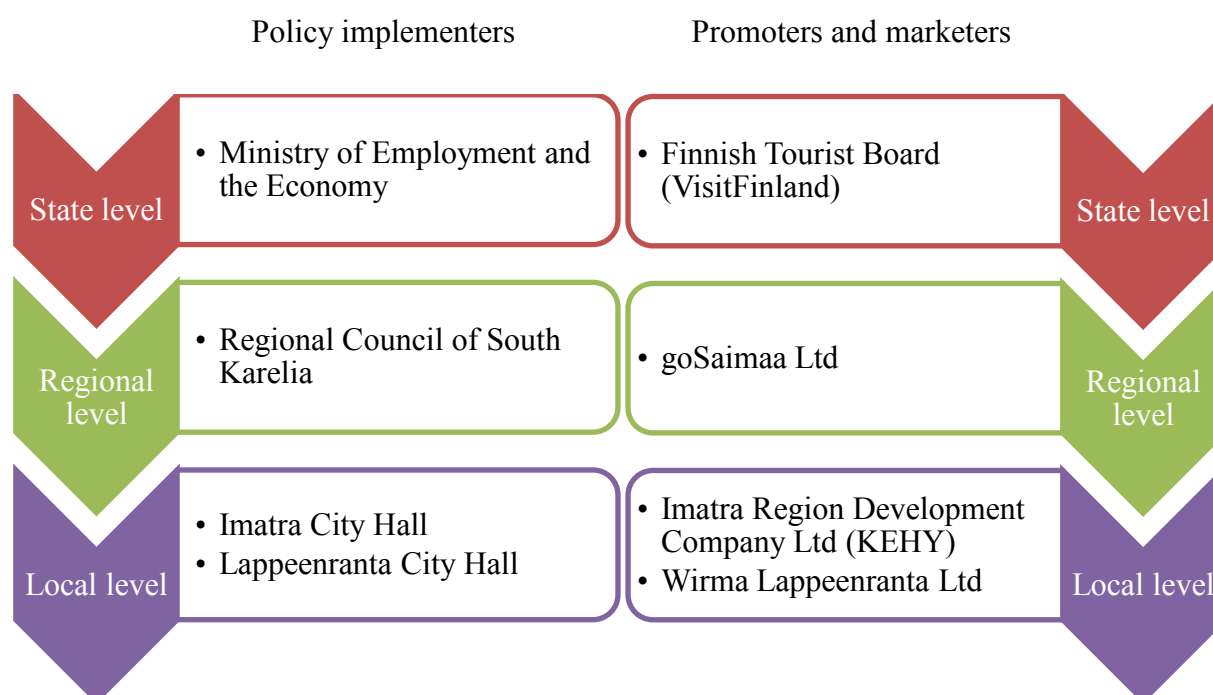


Table 3. Main Tourism Stakeholders in Finland at Different Levels. Case of South Karelia (by author).

This scheme clearly outlines the main actors for tourism development both in Finland as a whole and in the region of South Karelia. Although some of the stakeholders are missing, the scheme is representative as it contains only those entities, which are involved in tourism policy production, implementation, development, promotion and marketing directly. Players of secondary importance or of supportive complementary role were dropped intentionally. Clear separation of duties and areas of responsibility, as well as permanent contact between the actors enable to conclude that this system is steady and could work effectively to fulfill the assigned tasks successfully.

Before proceeding to research findings, it's worth drawing attention to the fact that we managed to get feedback from almost all stakeholders at regional and local levels, which were included in the scheme. Direct contact to major actors in the region of South Karelia allowed collecting firsthand information and attitudes concerning a wide specter of questions. Although the quality of analysis fully depends on the researcher's skills, the high quality of collected data and high profile of interviewees certify reliability and relevance of research.

3.6. *History of Tourism to South Karelia*

It's hard to disagree with Maksim Gorky, an outstanding Russian and Soviet writer and philosopher, who once said, that without knowing the past, it's impossible to grasp the true meaning of the present and the objectives of the future. This wisdom is incredibly versatile and could be referred to in regard of history of tourism development as well. South Karelia can boast a glorious and long history of being a tourist destination, and the link between the past and the present shouldn't be forgotten. It becomes obvious that the current achievements and popularity have deep roots and traditions. In the framework of Porter Diamond Model, history definitely falls into the category of a Chance.

In fact, the history of South Karelia as a tourist region counts almost 250 years, which is an impressive term. Imatra is often considered to be the first tourist town in Finland, thanks to the one day visit made by Russian Empress Catherine the Great in 1772⁹⁶. It is claimed that the purpose of this visit was to admire Imatrankoski rapids, and it took her 5 days to travel from St. Petersburg to Imatra with her servants. This royal journey is actually a starting point of tourism development in the region, as it gave impetus to South Karelia's popularity and fame among Russian noble and wealthy people, especially from St. Petersburg.

In 1809, as a result of war between Sweden and Russia, Finland became the Grand Duchy, an autonomous part of the Empire. This happening led to a new wave of popularity of Imatra and Imatrankoski rapids, Russian aristocracy and elites became honorable and welcome guests of the area. In 1842, by the order of Emperor of Russia Nicholas I, the crown park Kruununpuisto was founded in territories adjoining the rapids⁹⁷. Since then, this park remains the oldest natural park in Finland, protected by state. Kruununpuisto foundation marks recognition of tourist attractiveness and exclusiveness. The construction of the Saimaa canal in 1845-1856 gave a new impulse to regional development of the area, which led to more visitors and admirers⁹⁸. The canal, apart from being a huge infrastructural project, was a tourist attraction in itself. Moreover, its completion made the area of Imatra more accessible. Along the Saimaa Canal travelers could reach Lake Rättijärvi, and continue by horse-drawn carriages to Lake Saimaa and further to another magnificent attraction, the Imatrankoski Rapids⁹⁹.

⁹⁶ Discovering Finland. *Tourism Imatra and Imatra Guide*. Available at: <<http://www.discoveringfinland.com/travel/regions-cities/eastern-finland/imatra/>>, retrieved 09.05.2015.

⁹⁷ Ibid.

⁹⁸ Käkälä, A. *The Force of Nature. Attraction of the Lakes*. Regional Council of South Karelia. Available on: <http://maakuntaesite.ekarjala.fi/en/sivut/6/1/lue_lisaa/the_force_of_nature#_top>, retrieved 09.05.2015.

⁹⁹ GoSaimaa Ltd, *History of Tourism Around Lake Saimaa*. Available at: <<http://www.gosaimaa.com/en/Activities/Sights/History/History-of-tourism>>, retrieved 09.05.2015.

By the end of the century, the rapids and the park has become the landmark of Finland. Even then it attracted many visitors from around the world, and the Emperor of Brazil Dom Pedro II, who visited the place in 1876, was one of them¹⁰⁰. The rocks and the stones along the rapids with carvings of the names and dates of visits by noble people are evidence of those glorious times. Members of the Russian royal family were frequent guests to the area. The whole family of the Emperor of Russia Aleksander III, concurrently the Grand Prince of Finland, made a visit to the rapids in 1885¹⁰¹.

In those times, area of Imatra already had better roads and services than in Russia, and many visitors came there to enjoy the rapids (very exotic for Russian landscape), fishing and shopping. The region was much closer to St.Petersburg than Central or Eastern Europe, and more accessible due to presence of two important transport arteries – Saimaa canal and railroad Imtrankoski-Vyborg, which was completed in 1882. There were 14 trains daily, and the amount of tourists was so large that sometimes they had to sleep in train cars due to lack of accommodation¹⁰². Although this old station and railway line don't exist anymore, tourists could find some authentic buildings in the area, and the decorated ornament house of a stationmaster is one of them.

At the turn of the century, the areas of Imatra and Lappeenranta were experiencing a tourist boom. Lake cruises were on demand, that's why Karelian lake steam boats started to transport tourists between towns and villages over the entire waterway system of Lake Saimaa, with Lappeenranta-Puumala-Savonlinna-Punkaharju route as the most popular and picturesque¹⁰³. The golden age of tourism to Imatra, which lasted until World War I, was marked by construction of "Grand Hotel Cascade", which substituted the earlier hotels near the rapids, which were burned down¹⁰⁴. Now this stone Jugend style castle-like building is known as Spa Hotel Rantasipi Imatran Valtionhotelli, and there's hardly a tourist in Imatra who hasn't take a picture of it. Imperial Hall reminds modern visitors of those times when Emperor Nicholas II used to stay there with his family. Valtionhotelli, regardless of its modern name, has not been the first SPA hotel in the region.

¹⁰⁰ Imatra Region Development Company KEHY, *Vuoksi Culture Route*, p.3.

¹⁰¹ Ibid.

¹⁰² Idem p.6

¹⁰³ GoSaimaa Ltd, *History of Tourism Around Lake Saimaa*. Available at: <<http://www.gosaimaa.com/en/Activities/Sights/History/History-of-tourism>>, retrieved 09.05.2015.

¹⁰⁴ Rantasipi Imatran Valtionhotelli, *History of Spa Hotel Rantasipi Imatran Valtionhotelli*. Available on: <http://www.rantasipi.fi/hotellit/imatran-valtionhotelli/en_GB/history/>, retrieved 09.05.2015.

The first place for SPA in South Karelia – the Pikkala spring, was discovered in 1824 in Lappeenranta, near the bay¹⁰⁵. At first, it was used by the local population, but soon it has become famous for its sulphur and mineral water treatments in Russia. Popularity of this resort was growing in 1870s-90s, when the railroad was completed, and new buildings were erected in order to accommodate more tourists and aristocrats. The peak was reached in 1910s, when the new complex was opened for public. It still operates and stays there.

There is also another well-known case of early SPA development in the region. In 1884, on the shore of the Lake Saimaa, on a small peninsular between Imatra and Lappeenranta, merchant Gustaf Alm opened the first hotel & SPA, which was called Rauha Pensionaat För Turister¹⁰⁶. This resort quickly became popular among Russian and Finnish elites, because it offered such fashionable entertainments of the epoch as tennis and photography, and the host of the place was a very charming and charismatic man¹⁰⁷. In 1912, the resort was bought by a Russia-born physicist Dimitri Gabrilovitsch and later was transformed into a sanatorium, which offered different kinds of baths and light treatments to guests from Russia, Sweden and even America¹⁰⁸.

It needless to say that World War I seriously harmed the blooming tourist industry of South Karelia. In 1917, Finland became independent, which lead to extinction of a Russian tourist to South Karelia as a kind. It was hard times for the region, because Russians found themselves barred from crossing the border and the remote location of the Imatrankoski Rapids near the Russian border no longer held any attraction to Finnish tourists¹⁰⁹. Once being a tourist Mecca, South Karelia underwent a short depression, which was successfully overcame by intensive development of light and heavy industry and growing interest towards domestic tourism among Finns.

Another shattering blow on tourist industry of Imatra and Lappeenranta was World War II. The country was devastated; it has also conceded significant territories of the USSR. Even in circumstances of special relations between Finland and the USSR, a phenomenon of Finlandization, there was almost no chance of a Russian visitor to come to South Karelia as a tourist. The Iron Curtain seriously impeded tourism development in Imatra and Lappeenranta. However, the industry survived, because the unspoilt nature and Lake Saimaa attracted tourists

¹⁰⁵ Lappeenrannan Kylpylä, *History*. Available on: <<http://www.kylpyla.info/en/index.php?sivu=historia>>, retrieved 09.05.2015.

¹⁰⁶ Ruka, E. (2011), 'South Karelia – a Quite Night by the Lake', *Baltic Outlook*, August, p.64.

¹⁰⁷ Kiurun Villas, *History*. Available on: <<http://kiurunvillas.ru/rauha>>, retrieved 09.05.2015.

¹⁰⁸ Käkälä, A. *The Force of Nature. Attraction of the Lakes*. Regional Council of South Karelia. Available on: <http://maakuntaesite.ekarjala.fi/en/sivut/6/1/lue_lisaa/the_force_of_nature#_top>, retrieved 09.05.2015.

¹⁰⁹ City of Imatra, *History*. Available on: <<http://kanava.etela-karjala.fi/Kiinteasivu.asp?KiinteasivuID=1715&NakymaID=152>>, retrieved 09.05.2015.

from Central Europe and the Nordic countries, especially the Germans who discovered the rented holiday houses on the shores of Saimaa and Vuoksi¹¹⁰. Foreigners from the West were not limited in mobility, which enabled the region to preserve tourist industry at decent level. In those hard times the region reaffirmed its sound reputation as a wellness & SPA destination, the evidence of it is the opening of the 4th SPA center in Imatra in 1985 - Imatran Kylpylä Spa.

The last crucial point in South Karelia's history as a tourist destination is associated with the collapse of Soviet Union in 1991. However, only in period 1993-1996 a series of agreements concerning border-crossing points and air, road and railway connections was signed by Russian and Finnish Governments¹¹¹. As a consequence of these settled formal regulations, the border was opened again, there were no formal obstacles for Russian tourists to enter Finland. However, very few Russians could have afforded traveling even to such a close neighbor like Suomi, due to economic stagnation and low living standard in 90's. Even a short journey to Finland was a prerogative of a small group of privileged wealthy Russians. In the beginning of XXI century the welfare of Russians had been improving constantly in a good pace, especially in large cities like St.Petersburg and Moscow. As a result, Russian tourists have become interested in traveling to Finland again. Since then, Russian tourism to Finland has been growing every year. South Karelia has witnessed the Renaissance of tourist industry between 2000-2014. The region was rediscovered by guests majorly from St.Petersburg again, just like 100 years ago, which lead to realization of many infrastructural projects inside the region. Now, they are utilized not only to fulfill desires of foreign tourists, but also by Finns themselves. Of course, Russian tourism to South Karelia in 2014 and the beginning of 2015 had many bad days due to political and economical situation caused by crisis in Ukraine¹¹², but the general picture has not changed drastically, especially when compared with the past. The latest statistics say that the recent recession was temporary, and there are firm grounds to wait for rapid recovery of Imatra and Lappenranta areas from tourism upheaval.

The pace of tourism development history in South Karelia indicates 2 important things. First, it demonstrates the crucial role of Russians for the prosperity of the region during its whole lifespan. When South Karelia is open for Russian guests, and there are no obstacles in coming

¹¹⁰ Käkälä, A. *The Force of Nature. Attraction of the Lakes*. Regional Council of South Karelia. Available on: <http://maakuntaesite.ekarjala.fi/en/sivut/6/1/lue_lisaa/the_force_of_nature#_top>, retrieved 09.05.2015.

¹¹¹ Rosgranitsa-The Federal Agency for the Development of the State Border Facilities of the Russian Federation, *Acting International Agreements with Finland*. Available on:

<<http://www.rosgranitsa.ru/about/international/docs/pp/142>>, retrieved 09.05.2015.

¹¹² Yle News (2015), *Dramatic Drop in Russian Tourism Bodes Ill, Says Travel Manager*, 18.01.2015. Available on: <http://yle.fi/uutiset/dramatic_drop_in_russian_tourism_bodes_ill_says_travel_manager/7744580>, retrieved 09.05.2015.

there, the region develops rapidly and turns into a tourist Mecca. In contrast, when division lines appear, the region's tourist industry is put to sleep until the split is tackled. History evidently shows how international relations and foreign policy issues impact tourism in a particular area. When Russian-Finnish relations are at peaceful stage, when the countries cooperate and act pragmatically for mutual benefits, tourism in South Karelia advances. On the other hand, when the neighboring countries disassociate, tourism sector in the whole country and especially in the border areas falls into depression. Second, history shows that very little has changed when we speak about factors of region's tourism attractiveness. Over 100 years ago, visitors of South Karelia came here to enjoy the beautiful landscape and the nature, Imatrankoski rapids, Lake Saimaa and Vuoksi River, to do shopping and to relax in SPA centers. Today, the situation is generally the same, with some modifications, of course. Nowadays, for example, South Karelia is much more accessible, it offers a broader set of services and places of interest. Mutual interest between South Karelia and Russian tourists has not eroded with time.

4. Data Collection and Research Methodology

4.1. Research Materials and Data

All data for my work was collected extensively from a large variety of primary and secondary sources with the aim to provide a broad and comprehensive picture on tourism to South Karelia, its trends and current state. Both groups of sources can be categorized either according to its origin, or to its content and meaning.

In general terms, my primary sources could be subdivided into 4 groups. They are:

- 1) Expert interviews and responses to a questionnaire,
- 2) Responses to a survey,
- 3) Legal documents and official reports,
- 4) Statistical data and general information on tourism.

Secondary sources could be grouped into:

- 1) Scientific research articles on the topic and related themes from various databases, and literature,
- 2) News reports and articles from Russian and Finnish mass-media, as well as tourism magazines.

Expert interviews and questionnaires provide insights into the topic and enable the researcher to incorporate first-hand information into the analysis. The same applies to online survey. Detailed information on them is provided in a separate chapter.

Under legal documents and official reports are meant Tourism Strategy for South Karelia for 2007 – 2015, Finland's Tourism Strategy to 2020, Manila Declaration on World Tourism, Tourism Report by Finnish Tourist Board and some others. They were carefully checked for contents related to the topic.

Statistics and numerical data is an appropriate instrument which helps to define trends, interdependences and regularities in tourism related phenomena like numbers of overnight stays. Statistics Finland, Regional Council of South Karelia, Finnish Tourist Board, World Tourism Organization and some other entities provide this sort of information. It could also be supplemented by reports and open data from goSaimaa Ltd, World Travel & Tourism Council, European Commission and Eurostat. For additional data on numbers of tourist attractions and accommodation facilities TripAdvisor.com and Booking.com were also used.

As for scientific articles and research on tourism, the following search engines and databases were intensively used: EBSCO, JSTOR, Nelli, Google Scholar and Academia.edu. It is necessary to point out that the number of articles directly related to tourism development in South Karelia is quite limited, as well as the number of researchers, which allows to conclude that the topic has not been adequately elaborated. At the same time, the amount of other articles which cover different practical and theoretical aspects of tourism research is significant and enable the author to integrate them and create a unique theoretical and methodological framework. Literature on tourism research and competition was also thoroughly examined, with special focus on works by Michael Porter, Edward Luttwak and Aleksandr Tarasenok.

Mass media was a logical choice for drawing a more vivid picture of the topic. Bare statistics can tell a lot, but without covering media articles and notes it's almost impossible to reconstruct the full storyline. Both Russian and Finnish mass media were considered in this research, as they supply descriptive and explanatory content. The main media sites used for the purpose were Fontanka.fi and English version of Yle.fi. In addition to that, although not included in list of sources, such magazines as Fintourist, STOP in Finland, Terve and Finnish Trade Route (Venäjän kauppatie-lehti) were checked for relevant materials in order to broaden mind. Paper versions of them are spread for free majorly on the border controls, shops, tourist offices and hotels in Finland, especially in border areas, but PDF versions are also available on the Internet.

4.2. Multi-method Approach. Triangulation

Research methodologies have been developing rapidly for the last 50 years. Arsenal of tools was significantly expanded after the invention of first computers and later – proliferation of PCs. At the same time, academics had witnessed a growing interconnection between qualitative and quantitative methods. It led to emergence of an unconventional multi-method approach, which is now gaining more popularity. In case of studying tourism development in South Karelia, I decided to attack the issue from several directions.

Denzin suggested that nowadays research problems should be examined from as many different methodological perspectives as possible. For that, he advocates triangulation – “a combination of methods in the study of the same phenomenon”¹¹³. The main purpose of it is to increase validity and completeness of the obtained results. In turn, Hussein distinguishes between 4 types of triangulation, which may in research process: theoretical, investigator, analysis and

¹¹³ Denzin, N.K. (1978). *The Research Act*, 2d ed. New York: McGraw-Hill. p.291.

methodological, and here, I will use the latest one, which implies utilization of more than two methods¹¹⁴. My research design and data collection implicates both qualitative and quantitative techniques, which will be elaborated in the next paragraphs.

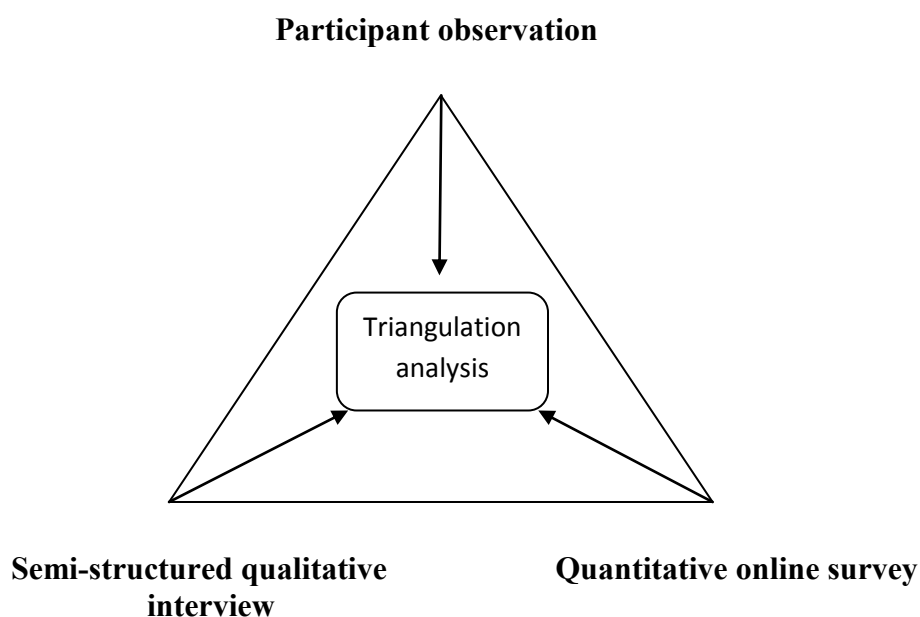


Figure 7. Researcher's Logic of Triangulation Analysis.

Triangulation analysis is associated with many constraints and limitations, it is a challenge. Citing Jick, “above all, triangulation demands creativity from its user - ingenuity in collecting data and insightful interpretation of data”¹¹⁵. I believe the game is worth the candle. Suggested methodological framework fully meets the needs of the research objectives. They are suitable both individually and in a combination. These methods complement each other, thus the credibility and internal validity of acquired results is increased.

4.2.1. Semi-Structured Interviews

Nowadays interview has become a widely-spread method of research in the field of social sciences, where tourism is not an exception. Jennings emphasizes that some researchers proclaimed present time an interview society, where interviews are used to make sense of and understand on a daily basis the world in which we live, at either the informal or formal level¹¹⁶. Naturally, the art of interview as a question-answer interaction was developing for centuries.

¹¹⁴ Hussein, A. (2009), ‘The use of Triangulation in Social Sciences Research: Can qualitative and quantitative methods be combined?’, *Journal of Comparative Social Work*, №1, pp.3-5.

¹¹⁵ Jick, T.D. (1979), ‘Mixing Qualitative and Quantitative Methods: Triangulation in Action’, *Administrative Science Quarterly*, Vol. 24, December, p.610.

¹¹⁶ Jennings, G.R. (2005), ‘Interviewing: a Focus on Qualitative Techniques’ in Ritchie, B.W., Burns, P. and Palmer, C. (eds), *Tourism Research Methods: Integrating Theory with Practice*. CABI Publishing, Wallingford, UK. p.99.

However, modern interview methodology has gained much attention as a main tool for gathering information just several decades ago. Now we can classify interviews by many features, like purpose or structure. Taking into consideration the table below, where structured, semi-structured and unstructured interviews are compared on a range of aspects, a decision was made to choose semi-structured interviews as a method which fully corresponds with the aims of the research as well as the researchers' abilities.

Descriptor	Structured	Semi-structured	In-depth, Unstructured
Style	Specific protocol of Q and A	Conversation-like	Conversation
Design	Structured	Semi-emergent	Emergent
Researcher stance	Objective	Subjective	Subjective
Researcher perspective	Outsider	Insider	Insider
Consequence of researcher stance and perspective	Limited reflexivity	Reflexivity	Reflexivity
Exchange issues during the research process	Limited reciprocity	Reciprocity	Reciprocity
Language used	Subject/ respondent	Informant, participant co-researcher	Informant, participant co-researcher
Material/ Data collection	Data, representation, checklist, open-ended questions	Empirical materials, slice of life, field notes, transcription and recording	Empirical materials, slice of life, field notes, transcription and recording
Basis of analysis	Mathematical and statistical analysis	Textual analysis	Textual analysis
Findings expressed as	Numeric representations	Depthful and thick descriptions	Depthful and thick descriptions
Writing style for reporting research	Scientific report	Narrative	Narrative

Table 4. Comparison of Structured, Semi-structured and Unstructured Interviews¹¹⁷.

Keeping in mind that conducting interviews is not as easy as it may seem, I've tried to follow rules and specific guidelines suggested by Jennings at all stages, from contact establishment to interview material analysis. It all enabled me to define both strategy and tactics of interviews, which has become the core of my research. Studying the phenomenon of cross-border tourism by

¹¹⁷ Jennings, G.R. (2005), 'Interviewing: a Focus on Qualitative Techniques' in Ritchie, B.W., Burns, P. and Palmer, C. (eds), *Tourism Research Methods: Integrating Theory with Practice*. CABI Publishing, Wallingford, UK. p.101.

inviting participants add depth and fulsome understanding of the subject in social, political, geographical and temporal contexts¹¹⁸.

In order to provide an insider view on issues concerning tourism development in the region of South Karelia, a series of semi-structured interviews was conducted in March and April, 2015. Before making a final decision whom to get in touch with, I followed the guidelines suggested by Smith, which concentrate on practical aspects of interviewing, including the choice of respondents¹¹⁹. Using the table of examples of topics suitable for interviews and the potential interview subjects, I came to a conclusion that my contacts and research issues correspond to each other. All in all, 11 bodies received proposals to contribute to this research by arranging interviews with people, who are experts in tourism or are somehow involved in it, or professionals who are in charge of matters related to tourism development and promotion.

The following entities were selected for this purpose: Ministry of Employment and the Economy of Finland, Finnish Tourist Board (VisitFinland), goSaimaa Ltd, Regional Council of South Karelia (Etelä-Karjalan liitto), Imatra City Hall (Imatran Kaupungintalo), Lappeenranta City Hall (Lappeenrannan Kaupungintalo), STOP in Finland magazine, Wirma Lappeenranta Ltd, Imatra Region Development Company Ltd (KEHY), Saimaa Gardens resort and Imatran Kylpylä SPA.

All entities received an email, stating the topic and the purpose of the research, as well as a request for cooperation. For their comfort, contact persons were offered 3 options: to conduct a face-to-face interview, a Skype interview, or in case of difficulties, answer the same interview questions in a form of a questionnaire. Negotiations began late February and took almost a month to make the decision about the possibility of providing feedback, and its form. Eventually, 5 persons gave their consent to participate in the research.

Contact person	Position	Organisation	Feedback	Date
Mirka Rahman	Head of Marketing Communications and Customer Service	City of Lappeenranta	Face-to-face interview	19.03.2015
Suvi Ahola	Project Manager	goSaimaa Ltd	Skype interview	27.03.2015
Svetlana Aksyonova	Executive Editor	STOP in Finland Magazine	Face-to-face interview	11.03.2015

¹¹⁸ Jennings, G.R. (2005), 'Interviewing: a Focus on Qualitative Techniques' in Ritchie, B.W., Burns, P. and Palmer, C. (eds), *Tourism Research Methods: Integrating Theory with Practice*. CABI Publishing, Wallingford, UK. p.115.

¹¹⁹ Smith, S.L.J. (2010). *Practical Tourism Research*. Cambridge: Cambridge University Press, pp.109-132.

Juha Sorjonen	CXO, Customer Experience Officer	Imatra Region Development Company Ltd. (KEHY)	Skype interview	01.04.2015
Anu Talka	Senior Advisor	Regional Council of South Karelia	Questionnaire	02.04.2015

Table 5. Stakeholders, Who Contributed to the Research.

At the same time, 6 desired interviewees failed to provide feedback. Some of them had valid reasons and replied they can't help, others left my request without attention.

Contact person	Position	Organisation
Katarina Wakonen	Analyst, Research	Finnish Tourist Board (VisitFinland)
Heikki Laine	Communications and Marketing Manager	City of Imatra
Ari Heinonen	Manager	Saimaa Gardens Resort
Maija Saajanlehto	Sales and Marketing Manager	Imatran Kylpylä SPA
Nina Vesterinen	Senior Specialist, Tourism	Ministry of Employment and the Economy
Natalia Gnatchenko	Project Coordinator	Wirma Lappeenranta Oy

Table 6. Stakeholders, Who Failed to Contribute to the Research.

Out of 5 feedbacks, 3 interviews and a questionnaire were conducted in English, and 1 interview in Russian for the comfort of the respondent. All interviewees gave their permission for voice recording and referring to them in text by name. All interviews were recorded on a voice recorder Sony NWZ-B172F, transcribed with the help of Transcribe¹²⁰ and analyzed for content, as was highly recommended in Jennings and Smith. Interview findings will be used for SWOT-analysis composition. Full list of interview questions could be found in Appendix 2.

4.2.2. Quantitative Survey

Using a qualitative semi-structured interview as the only method was not enough to fulfill the aims of this research. Information and meanings acquired during the interviews showed represented the vision of the topic just from one side – attitudes, beliefs, opinions and thoughts of tourism professionals. People, whom they provide different kinds of services – tourists and travelers, might be of a different point of view on the same issue. At the same time, their

¹²⁰ Transcribe. *Online Transcription and Dictation Software*. Available on: < <https://transcribe.wreally.com/>>, retrieved 09.05.2015.

positions might be identical. Tourists as buyers and tourism professionals as sellers naturally have different experience, which may be interesting to discover and compare.

Survey as a tourism research method is widely recognized by the majority of academics and specialists in the field as a useful analytical tool. Ritchie, Burns and Palmer, as well as Smith and a broad range of other scholars suggest using surveys and consider it to be a good research instrument to be applied solely or complementary. Veal, for example, claims that surveys, despite their limitations, are the main sources of information not only on overall levels of participation but also on differences between different groups in the community¹²¹. In case of this research, we can compare consider responses of two groups of visitors – those who prefer to stay short and long terms, for instance.

To draw a comprehensive picture and to complement the data, which was obtained during the series of interviews, a special customized survey was designed. SurveyMonkey online survey was chosen as a tool for conducting this part of research. With 15 mln users all around the globe, providing a broad range of analytical tools and services to the biggest companies, SurveyMonkey was the best solution. My first choice was a free-of-charge Basic plan with a limited set of tools and services, which allowed producing a survey of 10 questions and collecting only 100 responses. When the collection rate achieved nearly 90 responses and didn't slow down, I decided to switch to a more advanced tariff – Select plan, which cost 1790 RUB (approx. 26 EUR) a month. For this money, I got an extended analytical toolkit and opportunity to collect 1000 responses. I consider it to be a wise step, as I managed to improve reliability and validity of survey results by yielding 190 responses¹²², which is a great success keeping in mind how difficult it is to get people involved.

I used instructions, tips and know-how's for survey design, response collection and analysis of results presented by SurveyMonkey¹²³. The site provides intuitive control over the survey at all stages – from making choice of a question type and their sequence to representation of acquired data and its transfer to PDF or xls format. I personally didn't find it difficult to get used to the interface, it took me less than half an hour to get acquainted with the most useful instruments. SurveyMonkey has many advantages which make the research process as convenient and time-saving as possible. A variety of tools allows the researcher to adjust the survey for his needs. Moreover, the survey created on SurveyMonkey could be easily spread among the research

¹²¹ Veal, A.J. (2006). *Research Methods for Leisure and Tourism: A Practical Guide*. 3rd Edition, Pearson Education. p.151.

¹²² Number of respondents actual for 21.03.2015.

¹²³ SurveyMonkey. *Best Practices for Every Step of Survey Creation*. Available on: <https://www.surveymonkey.net/mp/survey-guidelines/?utm_campaign=li_home>, retrieved 09.05.2015.

population by sending or posting a direct link. The survey itself could be filled in from all possible devices – PCs, tablets and smartphones under any operating system, which increases response rate.

The target population of the survey was Russian tourists, who travel to South Karelia (areas of Imatra and Lappeenranta) on regular basis. The research population was reached by means of the most popular Russian social network VKontakte.ru¹²⁴, which has a great variety of communities (groups) related to travel & tourism in Finland. Kayam and Hirsch argue, that Internet has become a part of everyday life - that's where the people are, and that social networks could be easily utilized by the researcher for the purpose of collecting survey responses¹²⁵. Online surveys have many advantages like low cost, time-saving, minimization of human factor errors and voluntary participation. At the same time, the researcher should be aware of disadvantages, which may be routed in representativeness or data reliability. To avoid these constraints, I decided to distribute my online survey in relevant VK groups, where people were invited for contribution. The choice of online survey was justified by the aim to reach the population directly with convenience, and it fully matched my intentions.

Although all of the groups were open public pages, it was necessary to get the consent of a group administrator to publish my post on the group wall with a link to the survey. Without reaching agreement I could have been banned once and forever, and that would've made part of my target population unavailable. Topic of research, its objectives, anonymous nature of participation and a plea for commitment were denoted in my message. In order to attract more attention to the post, some nice pictures from South Karelia region were attached.

Eventually, negotiation process took 6 days, and 3 stages of my posts' placement could be highlighted. First stage involved publication of my survey in communities directly related to tourism in South Karelia. They were:

1. Finland. Lappeenranta and Imatra Region.GoSaimaa - 30 186 subscribers¹²⁶, ran by goSaimaa Ltd,
2. Lappeenranta. Finland – 3 231 subscriber, ran by Wirma Lappeenranta Ltd,
3. Visit Finland – 3 922 subscribers, ran by Finnish Tourist Board.

¹²⁴ VKontakte holds the top of social networks market in Russia with over 54 mln visitors a months, followed by Odnoklassniki (40 mln), Moi Mir (25 mln) and Facebook (24 mln) – for more details see Russian Search Tips (20.01.2015). *Top Social Networks in Russia: Latest Numbers and Trends*. Russian Search Tips (blog). Available on: <<http://www.russiansearchtips.com/2015/01/top-social-networks-russia-latest-numbers-trends/#more-3092>>, retrieved 09.05.2015.

¹²⁵ Kayam, O, Hirsch, T.(2012), 'Using Social Media Networks to Conduct Questionnaire Based Research in Social Studies Case Study: Family Language Policy'. *JSR- Journal of Sociological Research*, Vol. 3, Issue 2, pp. 58-61.

¹²⁶ All numbers concerning community subscribers were actual for 04.03.2015.

In the second stage, I negotiated with communities ran by the two most popular and well-known magazines among Russian tourists, which are spread for free in Duty Free Shops, hotels, shops, restaurants and gas stations, especially in the border regions. Administrators kindly agreed to help me, so I added posts in:

4. Resting in Finland with Terve – 6 035 subscribers,
5. STOP in Finland – 7 324 subscribers.

The third stage presupposed engagement of other large communities related to Russian tourism to Finland in general. Only 1 group out of 4, who got my request to post my survey, gave its agreement:

6. Finnish Fairytale. Suomi Finland – 55 615 subscribers.

Three communities didn't consider my request:

1. Finland for the Weekend - 86 426 subscribers, administrator wanted to sell the pot for 1 000 RUB,
2. Finland VKontakte – 40 043 subscribers, left my request with no answer,
3. Finland. PrismaFinland.ru. Goods and Services – 6 115 subscribers, also didn't reply.

To sum up, posts in VKontakte communities gave me population of total 106 313 subscribers, which means equal number of potential respondents due to used filter “one device – one response”. In my case, with the population of 106 313 and 190 responses submitted, I got 7.12% margin of error at a 95% confidence level¹²⁷. It is a figure which characterizes precision of acquired data. It shows a possible range of values below or above the answers, which were given by this particular sample. In addition, 95% confidence level tells the likelihood that my sample reflects the attitudes of a population. All these numbers are appropriate for the purpose of the research, and 7.12% margin of error proves reliability of the survey.

Full list of survey questions with possible answers could be found in Appendix 2.

4.2.3. Participant Observation

Qualitative research paradigm can offer a large variety of data collection methods, and participant observation is one of them. It is widely spread and appreciated among academics and

¹²⁷ SurveyMonkey. *Margin of Error Calculator*. Available on: <<https://www.surveymonkey.com/blog/en/margin-of-error-calculator/>>, retrieved 09.05.2015.

researchers in many fields including international relations. The primary aim of this technique is to understand and interpret experiences and meanings of a situation or a phenomenon from insider or outsider view. As admitted by Cole, it involves two activities concurrently – participation and data collection: activities and observations should be written down, recorded or memorized, then – analyzed and interpreted, sometimes in coherent order¹²⁸. This method means a lot of fieldwork, where the researcher should stick to a particular role. Bernard suggests three such roles, which are 1) complete participant, 2) participant observer and 3) complete observer¹²⁹. In our case, I took the role of participant observer, constantly trying to find balance between in- and outsider perspectives.

My family purchased a private house 10 km far from Imatra in autumn 2008. Since then, we've been spending quite a lot of time there during holidays. According to my international passport, only since December 2012 I've made 13 trips to the region of South Karelia and spent 106 nights. I think this rich experience of traveling to and having leisure there allows me to speak of myself as a participant observer of Russian tourism. During my stays I've accumulated enough knowledge about the region and its tourist products, and my vision and perceptions might be utilized in this particular research.

In addition to that, I used an opportunity of participating in a press conference of the City of Lappeenranta, to which I was kindly invited by Natalia Gnatchenko. The conference was hosted by representative office of Wirma Lappeenranta Oy in Saint-Petersburg in Suomi-talo and took place on 19th of March, 2015. It was dedicated to upcoming spring events in the city, as well as current plans concerning regional development. More than 40 representatives of Saint Petersburg mass-media and tourist agencies attended the meeting and had a chance to address questions to Kimmo Jarva (Mayor of Lappeenranta), Mirka Rahman (Head of Marketing Communications and Customer Service), Sari Kaasinen (Director of Kehruuhuone) and Heikki Alen (Director of Citycon – IsoKristiina). The press conference was recorded for the purpose of my research. Furthermore, I had personally talked to all the presenters “off the record” during informal buffet lunch, which helped me to collect more detailed feedback and attitudes. The event was followed by a prescheduled interview with Mirka Rahman in one of negotiation rooms in Suomi-talo. To conclude, during this event I felt like being involved in the whole action. It was a good example of how tourism promotion and marketing is done in practice, I saw the backstage and even took part in it.

¹²⁸ Cole, S. (2005), ‘*Action Ethnography: Using Participant Observation*’ in Ritchie, B.W., Burns, P. and Palmer, C. (eds), *Tourism Research Methods: Integrating Theory with Practice*. Wallingford: CABI Publishing. p.65.

¹²⁹ Bernard, H.R. (2006), *Research Methods in Anthropology. Qualitative and Quantitative Approaches*, 4th edition. AltaMira Press. p.347.

Field notes, observations and recorded materials of the meeting will also be incorporated into SWOT analysis. Personal experience of tourism to South Karelia provides me with necessary understanding of the current situation and primary knowledge about the region. Taking part in a press conference and communication with stakeholders advances my experience and perception to a higher level. I'm convinced that the selected methodology of triangulation enables to perform a complete and thorough SWOT analysis of the region as a tourist destination, which could be utilized by stakeholders.

4.3. Analyzing and Interpreting the Results. SWOT-analysis

Keeping in mind that the research was initially intended as a two-way learning process, SWOT analysis was chosen as a tool for presentation of results to stakeholders. SWOT analysis of South Karelia development as a tourist destination is based on the use of all mentioned above methods – participant observation, semi-structured interviews and an online survey, which were articulated as triangulation. It is also possible to make use of primary and secondary sources – statistical data, general information on tourism, news reports, etc. Porter Diamond Model will be used as a guide for schematic conduct of SWOT-analysis.

SWOT analysis, as defined in Nazaj, Gorica and Tolica, is a method for strategic planning - a tool for regional development, a systematic form of preparing for change and for the future of a territory¹³⁰. While conducting this type of analysis social, economical political and environmental factors are examined. It allows for completion of a coherent action plan, where balance between impacts of internal and external factors is achieved. Practical orientation and applicability is what makes SWOT analysis a classical tool for decision-making process in a wide range of fields and on different levels. For example, Goranczewski and Puciato highlight the point that nowadays strategic management of an area and SWOT analysis as an integral part of it has become a wide-spread practice, which for objective reasons substituted 2 previously dominant practical approaches to tourism marketing – spontaneous and planning approaches¹³¹. The key advantages of this method is that it can be applied for the entire tourist destination or, on the contrary, to its constituent parts or enterprises; it also emphasizes on determinant factors which doesn't require specifications. To sum up, it is flexible and focused, and according to

¹³⁰ Nazaj, D., Gorica, K. and Tolica, E.K. (2014), 'Use of SWOT Analysis as a Planning Tool in Regional Tourism Planning in Vlora Region, Albania', *International Journal of Economics, Commerce and Management*, Vol. 2, Issue 12, December, p.3.

¹³¹ Goranczewski, B., Puciato, D. (2010), 'SWOT Analysis in the Formulation of Tourism Development Strategies for Destinations', *Tourism*, №20, Issue 2, p.46.

Goranczewski and Puciato it leads to formulation of objectives in such activities of a tourist region as coordination, planning, monitoring, control and promotion¹³².

It is common knowledge that SWOT is an acronym, where S means Strengths, W – Weaknesses, O – Opportunities, T – Threats. It means that the system is analyzed from 4 different angles, which makes it possible to predict the most likely reaction of this system to specific happenings or circumstances. Schematically, SWOT analysis could be expressed in the following way:

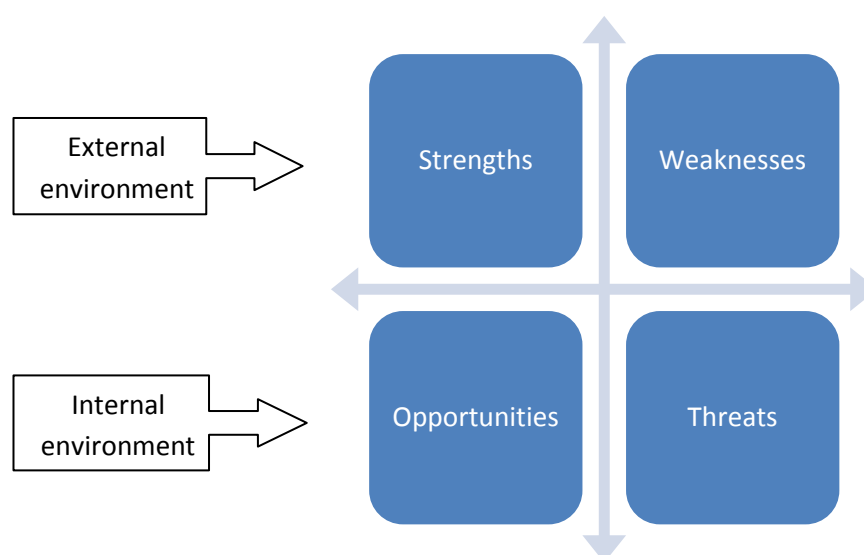


Figure 8. Visualization of SWOT-analysis (by author).

Application of SWOT analysis for this research seems to be a correct tool for summarizing data and knowledge gathered through triangulation - participant observation, semi-structured interviews and online survey. It allows the researcher to come up with intermediary results in a visually clear and concise way. SWOT analysis of tourism development in the region of South Karelia serves a purpose of a chapter preliminary to conclusion. It was conducted to fulfill the mission of increasing applicability of the research by Finnish professionals from the field of tourism in their daily operations, strategic planning or communication with partners. I believe that complete SWOT analysis of South Karelia as a tourist destination would be appreciated and utilized to full extent.

¹³² Goranczewski, B., Puciato, D. (2010), 'SWOT Analysis in the Formulation of Tourism Development Strategies for Destinations', *Tourism*, №20, Issue 2, p.51.

5. Interview Findings

5.1. Factors of Tourist Attractiveness of South Karelia

One of the primary aims of the interviews was to find out, what are the main strong sides of South Karelia as a tourist destination for Russian tourists. The most common explanation of high tourist attractiveness of the region was its unique geographical location. Mirka Rahman highlighted the point that South Karelia “is obviously the nearest”, and Lappeenranta “is in the backyard” - it is only 200 km from one of the largest European cities, St.Petersburg. Suvi Ahola called it an “asset” and described it as “undebately the best you can have in Finland”. Juha Sorjonen was of the same opinion, as it has “the best accessibility in Finland”, and even if traveling there from Moscow, a distance of 900 km is “not that bad” for many Russian tourists. Proximity to the Finnish-Russian border, its status of a frontier cross-border region and accessibility are recognized by all interviewed stakeholders. Furthermore, it was unanimously attributed to competitive advantages over the neighboring regions of North Karelia (Joensuu), Southern Savonia (Mikkeli, Savonlinna) and Kymenlaakso (Kotka, Kouvola).

Another factor highly appreciated by respondents was nature. Mirka Rahman said that “Saimaa begins here – in Lappeenranta”. Juha Sorjonen emphasized the difference between St.Petersburg and the region, saying that “it’s different, it’s not a metropolitan area, and it’s a holiday place – not a shopping center; its silent, safe, without traffic jams, with nature – these are green park cities”. Lake Saimaa was mentioned by all interviewees in a very positive sense concerning tourist attractiveness of the region.

Wide range of tourism-oriented services and developed infrastructure was considered to be a strong point of South Karelia by the majority of interviewees. Suvi Ahola claimed that Imatra and Lappeenranta areas are “focused on services” and can offer “a versatile selection of services and activities with Russian-speaking staff”. She also argued that one of the recent researches indicated that cities of Imatra and Lappeenranta became №1 in Finland in terms of knowledge of Russian language among the population. Svetlana Aksyonova simply exclaimed that South Karelia “has everything” and praised opportunities for shopping with permanent special offers and discounts. Mirka Rahman briefly mentioned the presence of international airport in Lappeenranta with cheap Ryanair flights to Europe, which are “nice and easy to fly”. Many kinds of accommodation “suitable for different wallets – cheap, affordable and middle-class” were considered to be an advantage by Juha Sorjonen.

Two interviewees highlighted the role of a positive image of South Karelia among tourists. Anu Talka argued that people and culture of South Karelia are valuable, and that even “in Finland

Karelia and Karelians (the locals) are positive brands”. In addition to that, Mirka Rahman sees South Karelia as a place which is associated with the whole country by incoming tourists. She explained that Russians come to the region to buy high quality goods and services: “Russians seek to trust products, and Made in Finland is a brand”. It means that South Karelia managed to create and to maintain a positive image among tourists.

5.2. Competition

When the interviewees were asked to name the main competitors of South Karelia in terms of tourism, they referred to 2 types of competitors: those, who challenge the region inside the country, and foreign challengers. Mirka Rahman admitted that the competition with the neighboring regions and cities is really tough, because “people are jealous and they want their piece of Russians”. Suvi Ahola agreed with this point and named Savonlinna, Mikkeli and Helsinki as the main competitors. At the same time, she admitted that “there’s nothing we can be unhappy about”. She highlights the fact that South Karelia is the second-largest tourist region in Finland, which sometimes occupies 1st place in amount of tax-free sales. Although competitors are near and have similar nature and comparable accommodation, South Karelia “is bigger” when it comes to amount and quality of services.

Such classic tourist destinations as Italy, Spain, Egypt, Turkey and France are considered to be the competitors of South Karelia over Russian tourists by Juha Sorjonen. Besides, he specifically referred to Estonia as a competitor and as a country, which now offers similar kind of leisure and services, but for smaller money. Svetlana Aksyonova was of the same opinion, stating that “now Estonia is a strong competitor, but it far not like Finland, as things are much worse there, and we know it; they compete with prices”.

5.3. Weaknesses of South Karelia as a Tourist Destination

Interviewees in their answers concentrated on positive sides of South Karelia as a tourist destination, and were not eager to speak about weak points. There were just a few comments in this respect. Juha Sorjonen said that there are “difficulties to show supply of goods and services”. Marketing of South Karelia is a real challenge, because “tourists don’t know all the services – there are many hidden place, even for the locals; shops, hotels and SPAs – that’s good, but smaller enterprises and activities are not well-known”. Tourists lack advice where to go and what

to see. Mirka Rahman notes that there is a problem in work with Russian tour operators, who continue only “to make trips to Prisma, than to Galeria, to fish shop and back to border; and this is Lappeenranta”. She’s convinced that some miscommunication with operators and tourists takes place, and that “there’re more things to do than go shopping, but people just don’t know”.

Anu Talka believes, that the amount of services offered in South Karelia is still limited: “We should have more all kinds of services in sport, culture, health and so on”. Another weakness is that Lake Saimaa and other natural sights remain difficult to reach.”There are not enough services available like boat renting, cruises, canoeing, etc”. She also wishes South Karelia organizes more events all year round, especially for children.

5.4. Cooperation and Partnership

Conducted interviews indicate that all tourism-related stakeholders have close ties with partners both inside the region of South Karelia, and in the neighboring regions, as well as in St.Petersburg and Russia. Mirka Rahman emphasized intensive communication of Lappeenranta with goSaimaa Ltd and the regional Council of South Karelia. “GoSaimaa is our big partner, it runs 3.3 mln EUR marketing project, which is funded by the Regional Council and the EU”, she explained. The larger part of money is spent on marketing operations in Russia, be that placement of around 70 billboards with goSaimaa advertisement in the city centre of St.Petersburg, or buying articles and getting coverage in Russian mass-media. In addition to that, Mirka Rahman highlighted the importance of continuous communication work and being in touch with Russian authorities, and journalists. “Being a cross-border multicultural region, we feel we are special, and we maintain a good relationship between St.Petersburg and Lappeenranta”, she claimed.

Suvi Ahola also emphasized the importance of cooperation and networking in tourism-related matters. GoSaimaa keeps in touch with the Regional Council and the cities of Imatra and Lappeenranta, who own the enterprise. Regardless of a tough competition, South Karelia works closely with the neighboring regions: “We do a lot of cooperation, for example we organize media workshops in St.Petersburg, and invite our neighbors, and they are always welcome”. In this case, partnership is considered to be a key to success.

The point of view of Juha Sorjonen is fully in line with the previous statements: “Our main partners are cities of Kotka, Kouvola, Mikkeli and Savonlinna, because we consider Lake Saimaa area to be one destination”. This is a good illustration how competitors can also be close

friends, because “Finland is in the first place”. Intercommunications and consultations with Finnish Tourist Board and Ministry of Employment and the Economy were also stressed, as well as integrated operations with “marketing machine goSaimaa”. Moreover, KEHY work closely with South Karelian universities – provides internships to hospitality management and administration students, invites volunteers during summer holidays and assists in conducting research and writing thesis. As for partnering with Russia, Juha Sorjonen highlighted the role of St.Petersburg and Leningrad Oblast authorities and local tourist agencies: “We have contacts, seminars, normal work, we consult and provide instructions how to sell; practical cooperation is mutually beneficial, it a real win thing”.

5.5. Impact of the Current Economic and Political Situation on Tourism to South Karelia

All interview participants expressed their awareness of the current economic and political situation, which lead to a significant decrease of tourist inflow to South Karelia from Russia. Crisis in Ukraine and its consequences in a form of political confrontation, sanctions imposed on Russia, countersanctions, tough economic times for Russian population and devaluation of ruble undoubtedly affected tourist industry in Imatra and Lappeenranta areas in 2014 and the beginning of 2015. Kimmo Jarva, the Mayor of Lappeenranta, clearly stated that “the most significant factor, which has influence on Russian tourism to Finland, is the course of Russian ruble”. At the same time, all interviewees pointed out that they look positive into the future of tourism development in South Karelia regardless of any shocks and constraints of this kind.

“The blast has been remarkable, but the situation will be better with time”, Juha Sorjonen said. His opinion is that the current political situation “has nothing to do with us, but it’s a sad thing we have it”. In this respect, he stated that South Karelian authorities and enterprises should “focus on the present and near future”, “fight their own position” and “do business as usual”. He appreciates the position of the old players on tourism market in South Karelia who find there’s “nothing new” in the current circumstances, and “it’s just a part of the big game”. The expert is convinced, that in order to minimize the possible effects of such situation on tourist industry, the region should stick to the idea of sustainable development.

Svetlana Aksyonova also believes that “good and bad times come and go; this crisis is temporary and will be definitely followed by growth”. She draws attention to the fact some enterprises like shops and restaurants have closed in South Karelia, but new entrepreneurs came and occupied

these free spaces. Weak players disappeared from the market, but new competitors emerged, which lead to renewal and restoration of the industry.

Mirka Rahman said that “the region suffers from sanctions and that entire situation, but still has dialogue with partners in Russia”. She fairly noted that “such things are not just a matter of Finland, but the whole EU, and it’s not our responsibility, not our choice”. She was delighted that the current climate “has not changed relations with Russian partners at all, and they continue to invite each other to events and meetings like St.Petersburg Innovation Forum”. According to her, the biggest challenge and constraint for South Karelia’s tourism industry is devaluation of ruble. The vast majority of incoming visitors from Russia are “middle or low-income tourists”, who were affected most. In addition to that, Mirka Rahman claimed that it’s possible to predict and foresee such drops, because “we have trends, such downturns could be observed every 6-7 years and now we are following the curve”. She remarked that although tourism statistics for 2014 were much worse than for the previous year, it’s “not the end of the world”, and the year was good at levels of 2012.

Suvi Ahola is of the same opinion and attitude concerning devaluation of ruble. “We still do marketing and feel the potential, Russians are still tourist №1 in South Karelia, and wouldn’t be taken over by Germans for example, but the course of ruble should be stronger”. Anu Talka sees the root of current drop in unstable ruble as well and puts it before international politics and sanctions, because EUR/RUB fluctuations is the only reason which prevents Russian visitors to make trips to Imatra and Lappeenranta areas.

5.6. Threats and Challenges

Almost all fears of interviewees concerning the present and the future of tourism in South Karelia are associated with devaluated ruble, consequent decreased purchasing power of Russian guests and their transition into “power save” mode in terms of expenditures. Only a few respondents shared their feelings concerning other threats. Juha Sorjonen fears that “if Imatra becomes mass-tourism destination one day, there’s a danger the nature will be ruined”. Such a scenario could deprive Imatra and South Karelia of one of its key advantages.

Anu Talka assumed that due to Russian foreign policy inhabitants of South Karelia “might feel a bit more fear and suspiciousness” towards Russian guests. At the same time, she emphasizes the long experience of being neighbors and believes that “being friends is better than being enemies”. Although it’s difficult to eliminate possibilities of conflict situations between the guest

of the region and the locals on political or ethnical grounds, “stereotypes and prejudice will be falling”, and Finns and Russians should “get to know each other to become friends and feel safe”. Suvi Ahola in here response also hypothesized that local population in South Karelia can show aggression and discontent directed against numerous guests of South Karelia coming from the eastern neighbor: “as a local, I’m gaining from Russian tourist inflow, we get more money to develop the region, and people understand the importance of Russian tourism, but when you have too much of something, it can irritate”.

5.7. Opportunities for Increasing Tourist Attractiveness of the Region

All interviewees were asked to express their opinion concerning different kinds of modifications and changes, which could influence tourist attractiveness of the region of South Karelia. What is more, respondents were invited to share any future plans or suggestions aimed at improving tourism industry.

5.7.1. Role of Russian Language

For start, interviews were requested to evaluate the role of Russian language for tourism industry in South Karelia and its further expansion inside the region. Anu Talka explained that “Russian will never be compulsory, but more people will study it as a foreign language at schools and universities”. The argument is that it already “is a competitive advantage, as people will always be glad when they could get service in their own language”. Suvi Ahola highlighted that Russian language courses are on demand in South Karelian universities. Mirka Rahman pointed out that “knowledge of Russian is a competitive advantage, a very good choice, especially for doing business”, but it will never become compulsory. The current trend is that more students and staff are willing to learn Russian in South Karelia, and local tourism industry should benefit from it. Juha Sorjonen thinks it’s a very good sign from the customer service view: “You know what you get; it’s a secure feeling – everything works and is in order”. He is convinced that knowledge of Russian should become a wide-spread practice in South Karelia, and all customer services in the region should be provided at least in 3 languages – Finnish, English and Russian, so the guest could always get help and advice.

5.7.2. Possibility of Payments in Rubles

Another question to interviewees was aimed at disclosing their attitudes concerning the possibility of paying rubles for goods and services in hotels, shops and tourist sights of South Karelia. This practice was first applied in Prisma supermarkets with success. The question was addressed to Heikki Alen (Director of Citycon – IsoKristiina) during the press event in Suomitähti in St.Petersburg. Being the insider from shopping sector, he replied that although the idea is nice, it is associated with difficulties both for the buyer due to accounting complexities and the seller due to unfavorable exchange courses. The sellers should decide upon this issue by themselves, as the government or managing company has no leverage and right to enforce such practices. In turn, this position was supported by Juha Sorjinen, who said consider it to be “a nice way to offer good customer service, which has a possible side-effect – currency rate, and people should be aware of it”. Suvi Ahola also told that although the case of Prisma was “covered all over the newspapers as a success”, there is a high possibility “of bad exchange rate when you pay in rubles and the business operates in euros”. At the same time, she doesn’t neglect this possibility and see the potential for development. On the contrary, Anu Talka is convinced that “although it is now possible to pay in some shops, the course of ruble made it unpopular neither for payers nor for service providers”.

5.7.3. New Connections between St.Petersburg and South Karelia

We have also discussed possibilities of establishment of new connection lines, namely direct railway connection between Imatra, Lappeenranta, Vyborg and St.Petersburg without a shift in Vainikkala, and flights between St.Petersburg and Lappeenranta.

In general, interviewees treated the idea with direct flights between St.Petersburg and Lappeenranta moderately. The reason for that is that the airport is going to be privatized, and its future remains uncertain. Suvi Ahola pointed out that there are “discussions and seminars going on concerning Lappeenranta airport development”, and that the idea itself sounds good. Mirka Rahman told that “as the airport will become independent, a new network of flight operators will be established”. It means that there would probably be more flights, including low cost. Anu Talka implied that direct air connection could take place only in case there will be “enough interested passengers”.

As for direct railway connection, the interviewees were quite enthusiastic about this idea. Suvi Ahola mentioned that “negotiations on that have been taking place for many years, and there is a

wish from the side of Imatra”. However, the project is has not been proceeding in the last years, as more “planning is needed”. Mirka Rahman had the same opinion, stating that “this is a big project, people were for it; the idea is good, but in current situation not possible”. Svetlana Aksyonova , in turn, recalled the experience of the past, when 100 years ago there used to be 4 trains heading from Vyborg to Imatra on daily basis, which was not enough even then. Juha Sorjonen praised the idea of reviving the railway line between Imatra and Russian cities:”it is beneficial for both parties, there will be less queues at border-crossing points, it is convenient and saves travel time”. In addition to that, he assumed that such a line could become a “second way to St.Petersburg for Finns, who live in the north parts of Finland”. The advantages of such a project are obvious, as well as the disadvantage, which lies in doubtful economic expediency and high costs.

5.7.4. Visa-freedom Between Finland and Russia

The idea of visa-free travel between Russia and Finland, which is a member of the EU and Schengen area, was highly appreciated by all interviewees. They clearly see benefits for South Karelia, but the possibility of such a scenario is approaching zero. The situation was best described by Mirka Rahman, who claimed that this is “not Lappeenranta, but an EU and Schengen matter”. She is convicted that “freedom of movement is good for people and for the economy”. She also mentioned that is issue had already been on agenda:”There was a meeting group meeting in Lappeenranta and working in this direction, and Lappeenranta was an example case of a place that could benefit from it”. Unfortunately, due to current situation this dialog is not moving anywhere. Likewise, Anu Talka also implies this could happen one day “when the political situation will be more stable”. Visa-freedom could lead to “more businesses on both sides of the border”.

5.7.5. Other Plans and Suggestions

Interviewees were invited to share any plans of their organizations concerning tourism development and promotion of Imatra and Lappeenranta areas, and their personal views on that else should be done. Some of the speakers highlighted that South Karelia has to expand and increase its offer of services. Juha Sorjonen suggested that the region needs “more customer-tailored products and services except for wellness and SPA; new experiences, activities and festivals, services for children are on demand”. Personal approach to customers was also

advocated by Svetlana Aksyonova. Her recommendation was that South Karelia needs to develop “author tourism and unique routes for small groups and individuals”. She believes that Russian tourists are already aware of the main tourist sites in the region, and “wealthy and middle-class Russian visitors are ready to pay for new experiences and exclusive guided tours”. Suvi Ahola shared the plans of goSaimaa to “develop new package tours for tourists who travel by car”. Such offers are produced with active participation and involvement of the neighboring regions and cities: this will be “a tour round Lake Saimaa thing”. Other themes as gastronomy, culture and activities are also under consideration, and the first programs will be out in near future. Mirka Rahman promised that there will be “more offers in Lappeenranta, like fishing guides, new cycling routes and “what the Finns do” tours”.

There were several news and proposals from the interviewees concerning infrastructural development. Suvi Ahola shared the plans of IKEA to open a store in South Karelia, stating that “it is still thinking”. In addition to that, Imatra is about to open a new big shopping mall. Juha Sorjonen argued that tourism attractiveness of South Karelia could be increased with Russian involvement, particularly with renovation and expansion of border-crossing points and access roads reparation. Mirka Rahman draws attention to 3 development projects in the area. The plan is to build a new hotel in Huhtiniemi, to open a casino and to accommodate a tax-free office and currency exchange point in renovated IsoKristiina shopping center. Tax-free office in a mall seems to be a breakthrough, as Russian tourists will be able to get their refunds on the spot, and then they will get back to the shop and spend their money on goods again. Opening of a tax-free office and currency exchange desk are measures which could significantly stimulate sales and bring more profits. Finally, the new culture and event center Kehruuhuone was scheduled to open its doors to visitors in May 2015. The Director of the new place Sari Kaasinen explained that the center will familiarize the visitors with distinguishing features of modern Karelian lifestyle through the prism of local culture and cuisine. She claimed that “culture will be presented to guests of Kehruuhuone in all forms and shapes: concerts, theatrical performances, festivals and events for families with children”. Situated in the heart of Lappeenranta Fortress, the center is destined to become a new cultural destination not only for foreign guests, but also for the locals.

The last set of suggestions and plans for improvement had to do with marketing and promotion of South Karelia. Anu Talka defined the primary aim of the whole region as to “do more marketing, have clear segments and good quality”. Juha Sorjonen specified the issue and highlighted the importance of social media marketing: “Social media and email should be used more extensively”. To his mind, reaching the target audience is not easy: “Our marketing is not

commercial, it's not pushing, customer knows best, we are just informing“. The focus should be to provide good experiences, because “people like to share good experiences with friends and so on”. Simultaneously, social media could also be utilized to find “bad experiences”, because honest negative opinions are crucial and should be seriously considered. Suvi Ahola also considers e-marketing as the main tool for attracting visitors. GoSaimaa estimated, that “more than 80% of inhabitants of St.Petersburg and Moscow had never been to Imatra or Lappeenranta, and this is a great potential”. First-timers will be attracted through “social networks, especially VKontakte, cooperation with mass-media like Fontanka.fi and video promotions”. In addition to that, goSaimaa is willing to continue active promotion of South Karelia in St.Petersburg by allocation of new advertising boards and more frequent promo stands in Galeria and Stockman, where brochures and magazines will be spread. One more planned activity is to launch a radio campaign with contests with raffle of tickets and SPA holidays. The primary aim is to make goSaimaa a well-known instantly recognizable brand, because “now goSaimaa name is not so easily related to Imatra and Lappeenranta”. The organization will continue to maintain the image of South Karelia as a SPA & cottage all year round winter & summer tourist destination.

6. Survey Findings

6.1. Frequency and Duration of Stays in South Karelia

The first thing I was willing to check in online survey was the frequency and duration of trips made by this given population of Russian tourists. These characteristics allows to form a better view on the respondents' experience and background, taking into consideration the assumption that perceptions and impressions of those who come often and rare, or stay long or short-term may differ to some extent.

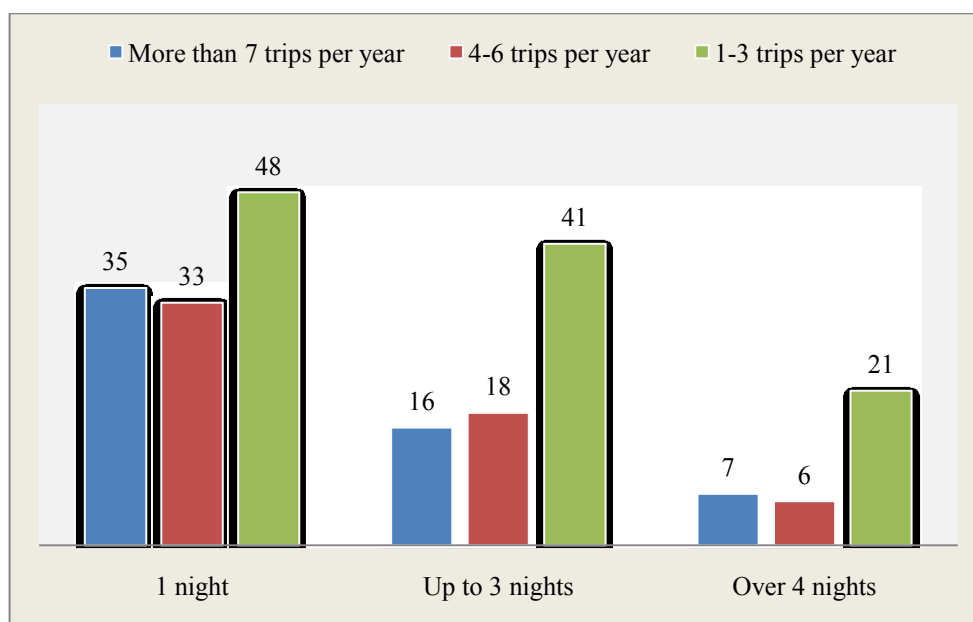


Figure 9. Frequency and Duration of Trips to South Karelia.

The obtained results show several tendencies. In absolute numbers, the most usual type of journey to South Karelia, with a share of 50%, is a 2-day trip, when tourist stays in the region for 1 night. One third of respondents prefer to stay a bit longer, but less than for 4 nights. The remaining part of tourists tends to stay in South Karelia for more than 4 nights. In addition to that, 4 respondents claimed that they don't stay overnight at all.

As for the frequency of journeys, the overwhelming majority goes to the region 1 to 3 times a year. Numbers of those visitors who can afford traveling to South Karelia 4-6 times a year or even more than 7 times are almost equal. The largest group is a share of visitors who travel to areas of Imatra and Lappeenranta not more than 3 times a year and stay for 1 night only. On the other hand, Russian tourists, who make 4-6 trips a year and stay for less than 4 nights are in minority. This statistics helps to draw an indicative portrait of an average Russian visitor of Imatra and Lappeenranta areas.

6.2. Purpose of Visiting South Karelia

The second question had the aim to disclose the purpose of visit to South Karelia. Respondents were given opportunity to indicate as many options as they can, as far as their journey falls into this or that category.

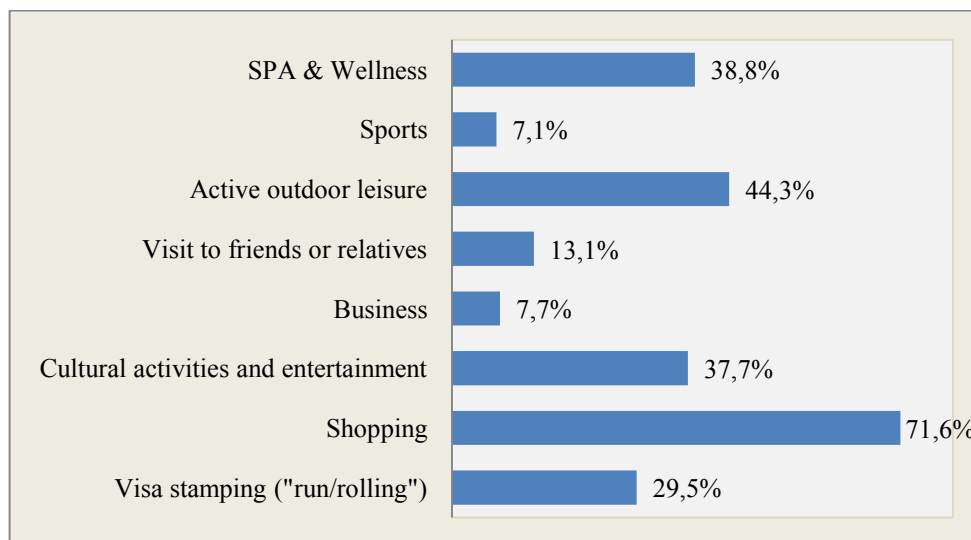


Figure 10. Purpose of Visit to South Karelia.

According to the survey, the most common reason for going to South Karelia is shopping. It was unsurprisingly pointed out by over 70% of respondents. Nearly 45% of respondents confirmed their interest in active outdoor leisure, which means spending time close to the nature. It was followed by two other significant groups of visitors (roughly 38% of respondents each), the first come to South Karelia to enjoy its Wellness & SPA resorts, and the second - to do sights, to attend all sorts of events or to entertain themselves by going to cinema or amusement park. Almost a third part of participants indicated visa stamping as their purpose of visit. It is quite an interesting story, which needs clarification. These are the people who obtain Finnish Schengen, but spend the larger part of their permitted time not in Finland, but somewhere else in Schengen zone. In order to minimize future problems while applying for Finnish visa for a new term and to eliminate claims from Finnish officials in the Consulate, they try to make a “symbolic” visit to Finland at very beginning and close to expiration date of the visa to show they fulfill the regulations. It’s needless to say this practice is usual especially among inhabitants of St.Petersburg. Some tour operators even organize one-day trips for this purpose, and South Karelia seems to be a perfect destination for that. 13% of respondents claim they come to South Karelia to see their friends or relatives. It is a sign that many Russians own property in the region. Only 8% recognize trips to South Karelia as a part of their job. They come to Imatra or Lappeenranta for work or for business. The most uncommon reason is doing sports, with 7% of

voices, which seems to be surprisingly low due to a good supply of facilities and opportunities South Karelia has in hands for that. Among others purposes, respondents mentioned passive recreation, picking mushrooms and berries, and further transit to father parts of the country.

6.3. Strong Points of South Karelia as a Tourist Destination

In the next section, respondents were asked to evaluate tourist attractiveness of South Karelia as a whole. They could have chosen up to 2 main options (some, however, indicated more), which are the main movers of popularity among Russian tourists in general. This inspection allows to create a map of virtues of the region and to define its strongest and weakest points as they actually are, regardless of respondents' personal preferences.



Figure 11. Determinants of Tourist Attractiveness of South Karelia.

Obtained results show that the two main virtues and advantages of the South Karelia as a tourist region are its geographical location and environment. They head the rating with a significant margin. Almost 80% of respondents gave their voices for transport accessibility and proximity to the border, while 67% recognized nature, climate and ecology as the second most important factor. In this respect, the vision of the respondents fully coincides with the point of view of Finnish officials and experts. Over a third part of respondents expressed their appreciation of developed infrastructure. High quality roads, brand shops and services are part of it, and with their presence the region wins. A quarter of voices went to wide opportunities for active leisure like summer and winter sports, fishing, ecotourism, cycling, amusement, etc. In my view, this

virtue of South Karelia is unfairly undervalued, and the percentage of voices should have been closer or equal to those given in favor of developed infrastructure. The range of activities is really broad, so this underestimate could be explained by low awareness of Russian tourists concerning opportunities. It should be definitely raised. Orientation on Russian tourists collected 23% of responses. It means that Russian tourists feel themselves like at home in South Karelia, and that they appreciate special treatment provided by the region and its inhabitants. Affordability and flexibility in terms of prices gained 20% of voices, which is a sign that accommodation and services offered by the region are suitable for ones needs and wallet. Several respondents also left their comments stating that South Karelia is attractive because of tidiness and coziness of cities, secure and developed campings, and international airport.

6.4. Visitor Satisfaction

Question №4 was aimed at disclosing consumer satisfaction with tourist product, which is provided by South Karelia. Participants were asked to evaluate their experience of staying in the region in general.

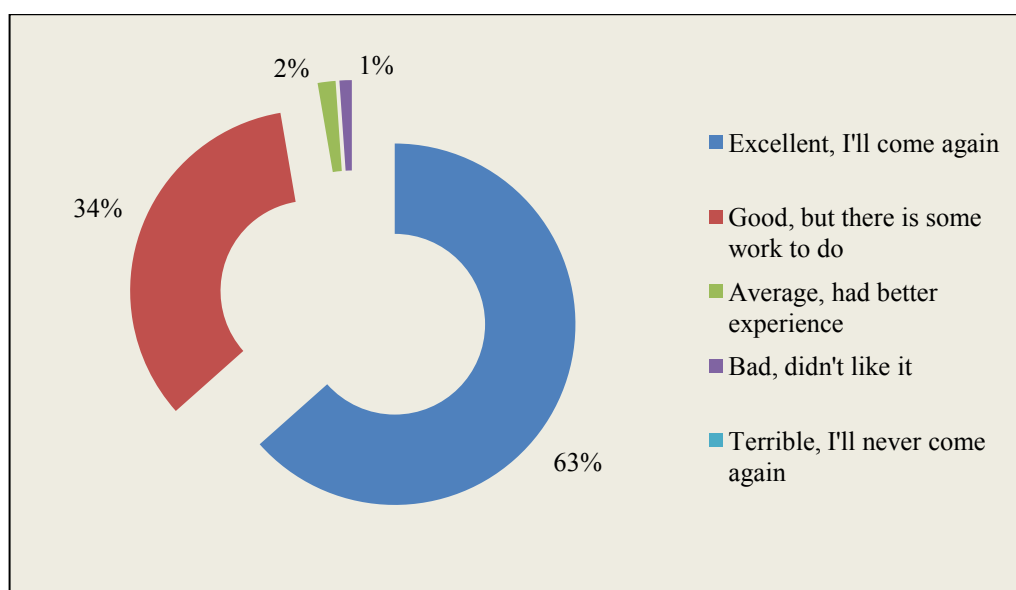


Figure 12. Evaluation of South Karelia Experience.

The results show that the overwhelming majority of population considers their stays to be excellent – 63%, and good – 34%. Only 3 respondents characterized their experiences as average, 2 persons called it bad. Good news is that none of the participants categorically stated their dissatisfaction with level of services. I think that 97% level of satisfaction and appreciation is a very illustrative phenomenon which means that regional authorities and enterprises are trying

their best to meet the needs and interests of Russian customers. This positive statistics, combined with data on frequency and duration of stays, allows drawing a conclusion that South Karelia can boast a constant, stable and loyal group of tourists.

6.5. Personal Motivations for Choosing South Karelia as a Destination

The next question was intended to disclose personal motivations of choosing South Karelia as a travel destination. At first site, the question seems to replicate the third question, which has almost the same wording. However, the statements of question are different, which changes the psychological perception of the question by respondents and leads to different interpretation of the results. Participants of the survey were asked to put the factors of attractiveness in such an order, that they reflect their own decision-making process concerning the choice of Imatra and Lappeenranta areas as places of visit. By prioritizing this set of factors, a rating was composed, where the factors were assigned a number in the range from 1 to 5. Rating closer to 1 means that more voices were given in favor of a particular factor as the most important; ratings closer to 5 say the factors play less decisive rolls.

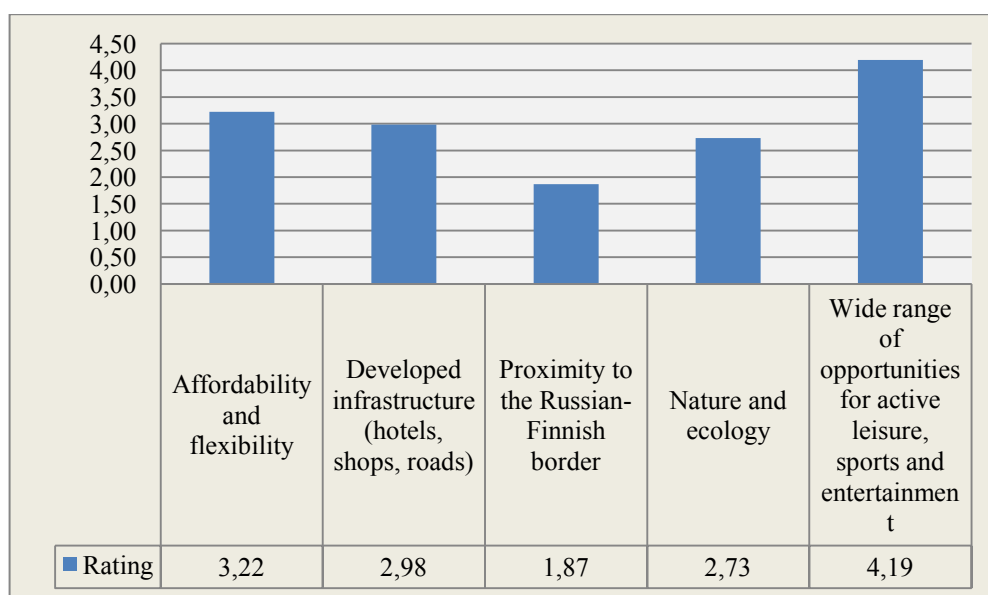


Figure 13. Priority Factors Concerning the Choice of South Karelia as a Destination.

In general terms, the acquired data pretty much reproduces the results of Question №3. Again, the vast majority of respondents claimed that for them the most important factor is proximity to the Russian-Finnish border. Natural and ecological advantages of the region took the second place, followed by developed infrastructure. Affordability and flexibility, in contrast to the results of the previous question, managed to occupy the 4th place among all. According to

respondents, wide opportunities for active leisure, sports and entertainment are for them of the least importance. What distinguishes these results to the preceding ones is that the margin between the factors (when asked from personal perspective) is significantly lower. Although the factor of proximity of the border remains an unquestionable leader, the following three factors are very close to each other in terms of rating. These smoothed results allows to infer that the map of tourist attractiveness factors is more balanced, which means all features and virtues of the region are adequately and equally appreciated. At the same time, this survey reaffirms the point that the 3 main tourist attractiveness factors are proximity, nature and infrastructure.

6.6. Proximity as Competitive Advantage of South Karelia

Given the specific character of this research, it was necessary to find out how tourists think about South Karelia in comparison to the other regions, through the prism of location and geography. For this purpose, respondents were asked how convincing they find the argument that South Karelia has a competitive advantage of its geographical location over neighboring cities and regions, namely - North Karelia (Joensuu), Southern Savonia (Mikkeli, Savonlinna) and Kymenlaakso (Kotka, Kouvola). It is important to remember that some of these regions and cities are also situated more or less close to the border areas.

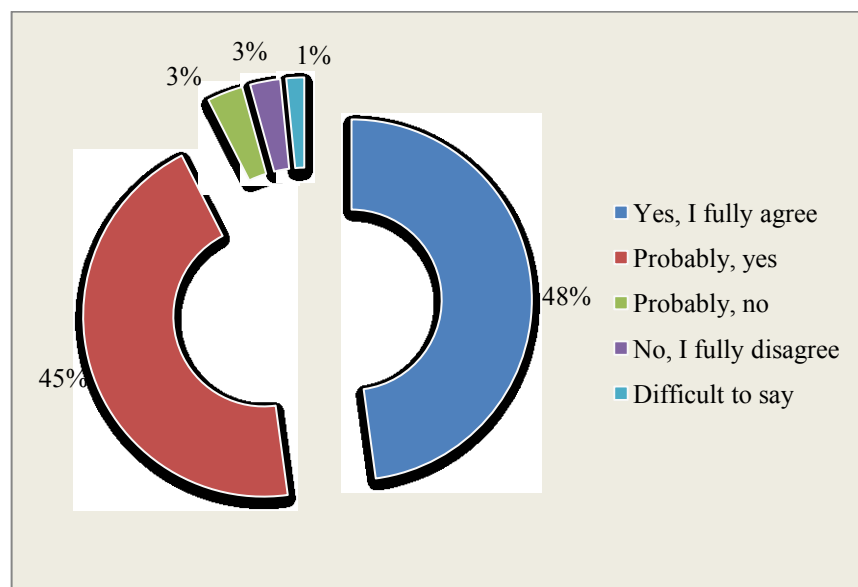


Figure 14. Attitude of the Population Concerning the Point that Accessibility and Proximity Gives South Karelia a Competitive Advantage Over Neighboring Cities and Regions

All together, solid 93% of respondents agreed with the statement. 48% fully agreed that geographical location and proximity to the border is a competitive advantage of Imatra and

Lappeenranta over its neighbors, 45% claimed that it's likely to be so. Only 1% hadn't made up their minds concerning the issue, whereas 6% disagreed with argument. This statistics are very representative of the fact that the factor of the border plays the most important role in tourism development in this particular case. Supported by results of previous polls, a conclusion could be made that Russian tourists would rather go to South Karelia than to any other neighboring regions and cities, which are a bit further and remote simply because it is so close to the border. All other advantages and benefits in the light of geographical position are just second-order factors.

6.7. Impact of Modifications and Changes on Tourist Attractiveness of South Karelia

The next question had the aim to uncover attitudes of Russian visitors to South Karelia towards some changes and modifications, which could somehow or sometime take place and directly affect tourist attractiveness of the region. All modifications under investigation were considered to be opportunities for improvement, as they could probably impact the situation in a positive way.

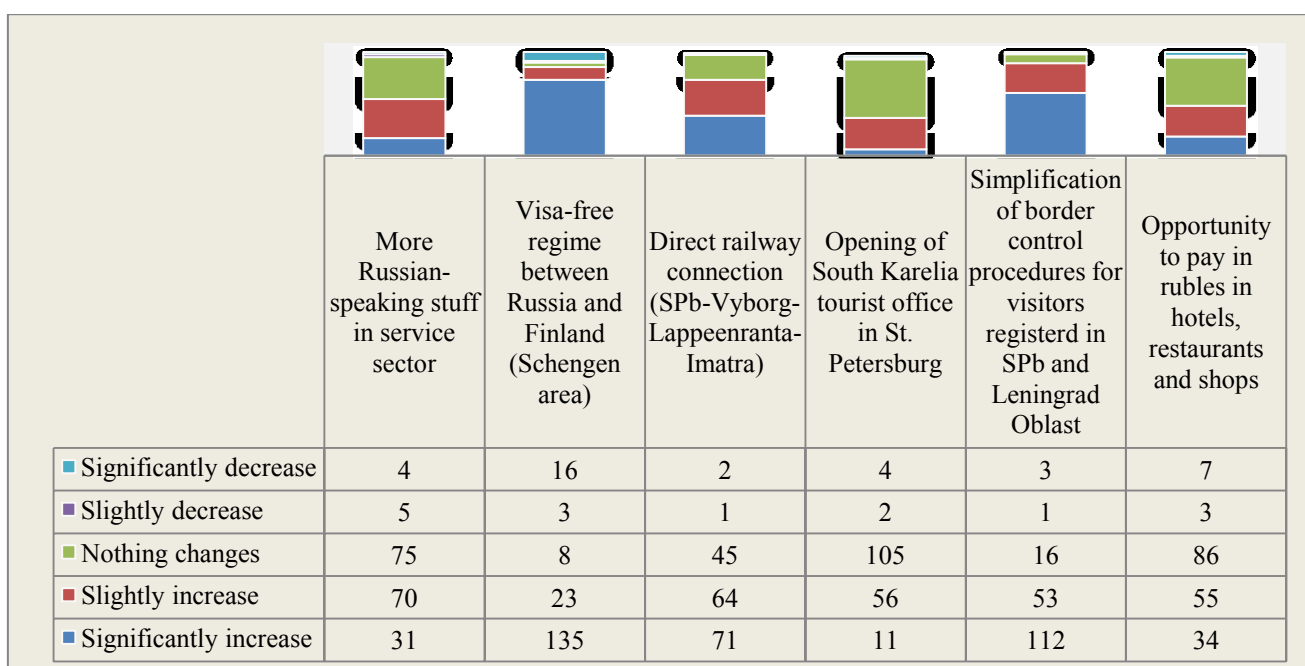


Figure 15. Effects of Possible Modifications on Tourist Attractiveness of South Karelia and Loyalty from the Viewpoint of Russian Visitors.

To sum up, the results show that the respondents remain either neutral or more or less positive about the possible effects of these modifications. The most popular options which could boost tourist attractiveness of South Karelia were visa-free regime between Russia and Schengen area,

simplification of border procedures for visitors from St.Petersburg and Leningrad Oblast, and direct railway connection (SPb-Vyborg-Lappeenranta-Imatra). Other remaining options also received good support, but not to such an extent. Although the majority of respondents agreed that more Russian-speaking staff in services may bring about positive changes, a significant part of them were neutral or not in favor of it. Opportunity to pay in rubles also received mixed neutral-to-positive effect review, with some votes against it. The explanation for this is clear – the current economical situation in Russia and EUR/RUR fluctuations. Surprisingly, the vast majority of participants of the survey thought that nothing will change if South Karelia opens a tourist office in St.Petersburg. Those who believe this measure can improve attractiveness and awareness of the region were in minority. An interesting thing is that almost 10% of respondents think that visa-freedom could have negative effects on tourism attractiveness. It could be explained by fear that if this happens the region will be even more flooded by Russian tourists. Here, exaggeration of Russian-speaking visitors could be annoying for those who come to Imatra and Lappeenranta areas to have a rest and to escape from hustle & bustle of big city life. At the same time, simplification of border procedures gained more supporters in absolute numbers, which could mean visitors from St.Petersburg and Leningrad Oblast would like to be privileged comparing to travelers from other Russian cities and regions. The sense of exclusivity could make a difference.

6.8. Ways of Learning about Tourist Product of South Karelia

The next question was designed to find out how Russian tourists learn about latest special offers, sales, new sights and places, events and activities in the region of South Karelia. They could have indicated as many sources as they could, as long as it suited them.

Given the fact that the online survey was spread in groups and public pages in social network Vkontakte, this source of information unsurprisingly occupied the 1st place with roughly 75% of votes. Keeping in mind that we managed to collect almost 200 responses, it is a sign what a powerful tool social networks for promoting tourist products and keeping the audience informed about the latest news. In social networks, it's easy to reach target reader and to keep in touch with them. The role of this source shouldn't be undervalued, and Finnish companies and enterprises should pay more attention to this communication tool. Travel and tourism portals, like GoSaimaa, VisitFinland and others, are also popular sources, which are used by almost 60% of tourists. To my mind, this statistics seem to be a bit excessive due to the fact the survey was

published on their profile pages in Vkontakte. But still, it's a good signal that these portals manage to reach their target audiences, and that they are quite well-known and recognizable.

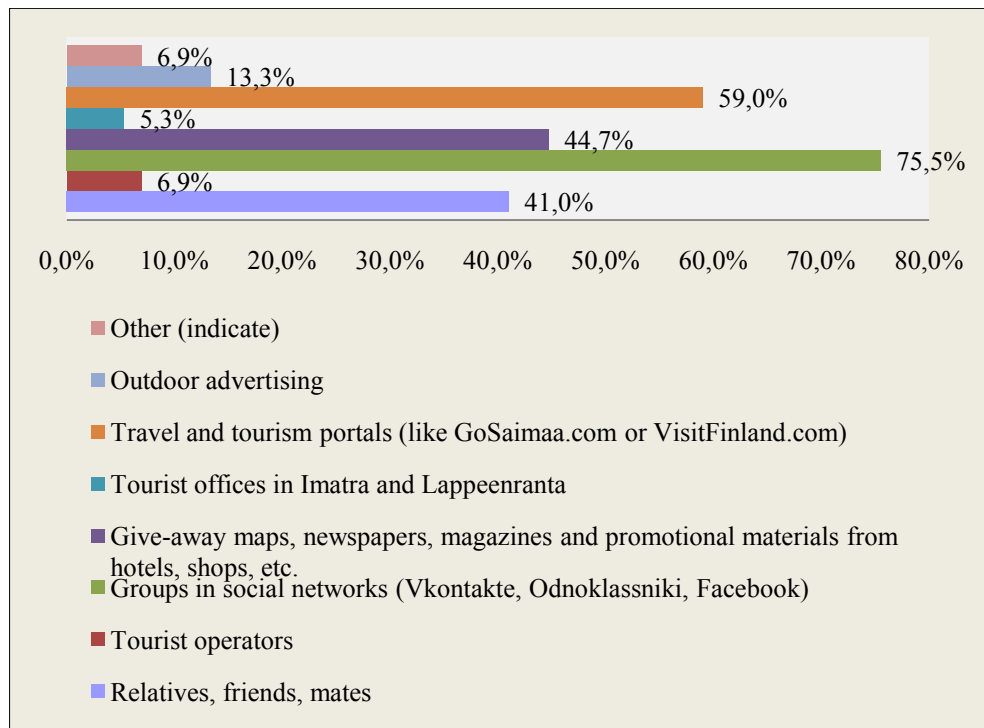


Figure 16. Ways of Getting Tourism-related Information About South Karelia by Russian Visitors.

Then, 45% of respondents claimed that they use give-away maps, magazines, journals and other promotional materials, which are spread for free in duty-free shops, shopping centers, hotels, restaurants and other tourist places. The last large group of visitors (41%) claimed that they learn about the areas of Imatra and Lappeenranta from their relatives and friends. This result could be interpreted that there is a discussion concerning the region, because people share experience, knowledge and emotions of having leisure and staying in South Karelia. In this particular case, customer satisfaction stimulates word-of-mouth marketing. Only 13% of respondents said outdoor advertising is their source of information. Billboards with advertisements could be found in St.Petersburg, on A-181 Scandinavia highway, sometimes on the roads and streets of Imatra and Lappeenranta areas, and I'm convinced it should be used more extensively, as the potential has not been yet realized to full extent. 7% of respondents learn about the region with the help of tourist operators. The least popular source of information for Russian tourists (5%) was tourist offices in Imatra and Lappeenranta. This result is very weak, which could mean either that clients simply don't know about their existence and location or that they work inefficiently. Low popularity of tourist offices shows that their role and working methods should be seriously reconsidered. As for the remaining part of visitors, they outlined such ways of learning about

South Karelia as being subscribed to Finnish web-sites, just surfing the Internet and watching videos on television or online.

6.9. Impact of the Current Economic and Political Crisis on Tourist Behavior

The last multiple choice question had the aim to find out how the current economic situation in Russia associated with foreign policy matters influences habits and capabilities of Russian tourists. It's not a secret that crisis in Ukraine is a topical issue in international relations between Finland and Russia, which has direct effects on economy. Consequently, the situation was getting more aggravated due to sanctions and EUR/RUR fluctuations.

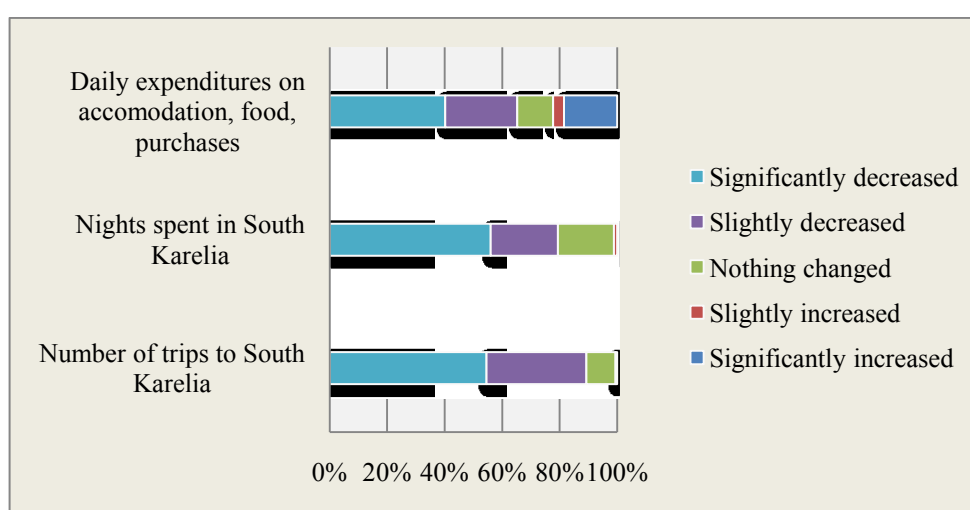


Figure 17. Impact of Crisis in Ukraine, EUR/RUB Fluctuations and Sanctions on Consumer Behavior of Russian Visitors in South Karelia.

More than 60% of respondents claimed that their daily expenditures in South Karelia fell down; of which 40% say they decreased significantly. It means that the circumstances force them to spend less money. At the same time, more than 20% of respondents noticed their expenditures increased, for the majority – significantly. These people for some reason hadn't changed their consumer behavior regardless of the situation; their consumption habits stayed the same, but the prices went up, and it lead to sharp rise for goods and services. Around 10% of respondents didn't feel the difference. As for the number of overnight stays in accommodation facilities of South Karelia, 80% of respondents noticed a decrease, of which about 60% - significant. Roughly 20% didn't feel the difference, while just 1% indicated they now spend slightly more nights in South Karelia. Generally, the overall number of trips undertaken by the population has decreased for around 90% of survey participants, with 55% - significantly, and 35% - slightly. Only 10% continue to come to South Karelia as frequent as they used to before the crisis. To

sum up, statistics show that due to current economic and political situation in Russia the vast majority of tourists travel to Imatra and Lappeenranta not as often as they used to, spend less nights in hotels and cottages and tend to waste less money on accommodation, purchases and food. It is an illustrative example how tourist industry of a region can suffer from tough economical times spurred by political discord and confrontation.

6.10. *Opinions, Suggestions, Claims*

The last question was intentionally made open-ended. Respondents were offered an opportunity to express any emotions, wishes, claims and proposals concerning their South Karelia experience, if they wanted to. The question was skipped by 122 participants, but 68 respondents left their comments, some of which were short and funny, and some were really substantive and contained very interesting suggestions. In order to present the respondents' feedback in a more visually comfortable way, the answers were content-analyzed and organized into a table, which could be found in Appendix №3.

All in all, South Karelia was described by overwhelming majority by such epithets as good, excellent, wonderful, cozy, calm and comfortable. None of the respondents used any adjectives with negative connotation concerning the region in their comments. In their feedback, respondents outlined again several strong points of South Karelia as a tourist region. They highlighted nature, cuisine, wide opportunities for leisure with children, proximity to the border, high service level and infrastructure. Good roads, pleasant climate, fishing and some other worthy things were also on the list.

At the same time, respondents eagerly expressed their opinion concerning weak points of Imatra and Lappeenranta, and thing which somehow spoil their pastime or even discourage from making trips there. The most common complaints are connected to sanctions, EUR/RUR fluctuations, high prices, long queues at the border-crossing points and Russian tourists overcrowding. Some respondents indicated that they miss direct railway connection between South Karelia and St.Petersburg, feel negative attitude of the local population, and simply feel bored and not exited by the region after several visits. Among other drawbacks, respondents mentioned pollution caused by tourists, lack of or incomplete web sites translated into Russian or English, dangerous unprepared winter roads and unduplicated public transport timetables.

It is remarkable that the respondents enthusiastically shared their ideas what could or should be done by the region to boost its attractiveness. All in all, there were 25 suggestions, which could

be narrowed down to several summarizing points. A large group of visitors would be pleased if South Karelia becomes a more affordable place to relax. People want cheaper accommodation and food. Another large group proposes to launch more new guided tours, preferably like car, bike or weekend lake tours. They are also supported by those visitors who find it expedient to offer new places and sights with the help of maps, audioguides and routes in Russian. Some respondents wished there were better conditions for doing sports like cycling and kayaking. A number of measures which could increase proximity and accessibility of South Karelia were also suggested. The last group of suggested ideas for improvement included proposals for the convenience and comfort of incoming Russian tourists like prolonged working hours of shops and restaurants, extended period of Imatrankoski show and free parking in the city center of Lappeenranta.

7. SWOT-analysis of South Karelia under Guidelines of Porter Diamond Model

7.1. Strengths

Factor Conditions.

- High quality of production-relevant conditions, like skilled and educated labor force, safety and legislature.
- High accessibility – presence of 3 border-crossing points, one of them being a railway; international airport; water connections through Saimaa Canal.
- Good command of Russian by the majority of staff in service sector.
- Developed transport infrastructure.
- Recognized beauty of nature.
- Existence of numerous cultural and natural activities, as well as possibilities for active leisure and entertainment.

Demand Conditions.

- Constantly growing foreign demand, especially from neighboring Russia.
- Stable domestic demand, strong domestic market comparable to the size of the country.

Related and Supporting Industries.

- Variety of accommodation facilities, shops, places to eat out, cultural and historical sites.
- Infrastructure for active leisure, sports and well-being, activities in the open air.
- Diverse event supply all year round.
- High concentration of supplies and services in the region.

Strategy, Structure, Rivalry.

- Competition at all levels – with foreign regions, at macroregional level, at regional level with neighboring areas, at local level between tourism-related enterprises stimulate innovation, new product development and improvement.
- Recognition of importance of cooperation with rivals, networking for common good.
- Careful implementation and adherence to tourism strategies, their continuous improvement .

Government.

- Growing prioritization of tourist industry by government and local authorities.
- Support and consultancy of tourism-related enterprises.
- Clear division of responsibilities between stakeholders.
- Active promotion and marketing of the destination through social media.
- Fostering dialogue with competitors.
- Special attention to cooperation and partnership across the border.

Chance.

- Unique geographical location on the Finnish-Russian border, proximity to St.Petersburg (5 mln market).
- Natural and historical heritage: Imatrankoski rapids, Lake Saimaa, Lappeenranta fortress.
- Common history and long traditions of tourism to the region from neighboring Russia.

7.2. Weaknesses

Factor Conditions.

- Inability of border infrastructure to properly serve tourists crossing the border during holidays, high season, weekends; queues at the border.
- Absence of direct flights between St.Petersburg and Lappeenranta, as well as direct railway connection St.Petersburg-Vyborg-Lappeenranta-Imatra without a shift at Vainikkala.

Demand Conditions.

- Extreme dependency on tourist inflow from Russia.
- Continuous low interest from the side of non-Russian foreign tourists.
- Low growth rate in domestic tourist inflows.

Related and Supporting Industries.

- Low supply of cheap and affordable accommodation, or campings.
- Poor accessibility to nature and lakes.
- Small amount of new activities and places for tourists.
- Low effectiveness of local tourist offices.

- Low awareness of tourists concerning all possibilities and activities in the region.
- Inability of smaller enterprises to provide service in Russian language.

Strategy, Structure, Rivalry.

- High prices in comparison to some foreign competitor regions.
- Inability to change the perception and the profile of region as a destination for shopping.

Government.

- Unclear cooperation framework with authorities and government in St.Petersburg.
- Improper effectiveness of social media marketing.
- Lack of big joint projects in the region with the participation of partners.
- Miscommunication with Russian tour operators.

Chance.

- Insufficient exploitation of common historical past in promotion and marketing activities.
- Oversaturation by Russian tourists due to proximity to the border.

7.3. Opportunities

Factor Conditions.

- Offer more services in Russian language.
- Improve accessibility by opening third border-crossing point in Parikkala.

Demand Conditions.

- Reorient on more remote or new markets than Russia and St.Petersburg.
- Attract more first-time tourists from St.Petersburg.
- Concentrate on Moscow as a market.

Related and Supporting Industries.

- Broaden the range of offered services and activities.
- Provide customers an opportunity to pay in rubles for goods and services.
- Offer more affordable accommodation to encourage tourist to stay for longer terms.
- Increase the use of Russian language in providing services to customers.

- Intensify social media marketing.
- Provide more customer-tailored products and services.

Strategy, Structure, Rivalry.

- Foster dialogue and cooperation with neighboring regions.
- Popularization of Lake Saimaa brand and Lakeland as an indivisible space.
- Concentration on distinctive features of the region in comparison to the others.

Government.

- Familiarize local tourism stakeholders with the goals of the strategy, invite them for more cooperation.
- Promote the idea of visa-freedom between Finland and Russia.
- Intensify social media marketing through goSaimaa.
- Accelerate the process of Lappeenranta airport privatization.
- Negotiate with Russian authorities concerning improvement of border-crossing points infrastructure.
- Draw more funding from the EU for tourism development.
- Use cross-border cooperation programs and twin cities for more tourism-related projects.
- Promotion of Russian language studies in the region.

Chance.

- Focus on common historical past of South Karelia and Russia.
- Preserve and emphasize Karelian exclusivity.

7.4. Threats

Factor Conditions.

- Pollution caused by mass tourism.
- Accessibility remains on the same level, leading to more queues and thus less profits.

Demand Conditions.

- Reorientation of Russian tourists from St.Petersburg on other destinations either in Finland, or in other countries.

- Reorientation of Russian tourist demand on domestic market
- Drop in tourist demand due to devaluated ruble and tough economic situation in Russia.

Related and Supporting Industries.

- The closure of tourism-related enterprises due to falling demand.
- Decrease in revenues.
- Lack of tourist motivation to utilize offered services and products to full extent due to low awareness.

Strategy, Structure, Rivalry.

- Russian tourists' take-over by more affordable destinations both inside and outside the country.

Government.

- Inability of Finnish authorities to provide sector of tourism with sufficient financing.
- Incapacity to turn cooperation with partners into real gains, e.g. turning words into action.
- Weakening of connections with partners across the border.
- Insufficient financing of promotion and marketing activities.

Chance.

- Preconditions for growing dislike of Russian tourists by the locals due to tourist overcrowding.
- Erosion of unique Karelian identity.

8. Conclusions

This thesis has analyzed the issue of cross-border tourism with the help of Michael Porter's Diamond Model. It shows that tourism development in South Karelia illustrates the phenomenon of growing importance of single regions as individual actors in international relations. The role of region as a unit of global economy and politics is enhanced by intensified globalization. On one hand, process of globalization bestows regions an opportunity to declare itself loudly on international arena as a leader in some sphere. On the other hand, due to increased degree of interpenetration and interdependence, regions become vulnerable. Any significant change or event in one place echoes in another part of the globe.

During the past year, South Karelia has shown a decent level of resistance to external economic and political shocks spurred by crisis in Ukraine and its consequences for architecture of current international politics and economics. Of course it is dependent to a great extent on the economic situation in neighboring Russia and especially St.Petersburg, but in this respect it proved to be not so sensitive and fragile as it seemed at first site. Political and economic constrains have not affected the commitment of South Karelia to provide quality services to its guests. As noted by one of my interviewees, South Karelia will carry on welcoming Russians with open hands, and the experience of the region should pose a great example to other cross-border regions how to prosper and develop.

It is obvious what a complex interplay of factors and determinants make tourist region attractive from the viewpoint of its visitors and competitive from for the viewpoint of stakeholders and managers. Being competitive and attractive means realizing the potential at maximum, thus paying proper attention to all defining aspects, which were carefully crafted in Porter's theoretical implications. A destination cannot become successful until it adopts a comprehensive approach to its own development without omitting different aspects of competitiveness. Competitive advantages don't occur by chance, they don't come from nothing; they should be elaborated by political will relying on preconditions and favorable background. The case of South Karelia demonstrates how all tourism-related factors and determinants were put together, which resulted in creating synergy inside the region.

In this respect it should be emphasized that the significance of Russian tourism to South Karelia has firm grounds. In the last decade the tourist inflow to areas of Imatra and Lappeenranta was constantly growing, which resulted in increase of overnight stays by Russians by five times in a period from 2005 to 2013, when the peak was reached. Thus, South Karelia has become the most rapidly growing tourist region in Finland, considerably exceeding the figures shown by other

tourist regions in the country. At the same time, the amount of non-Russian foreign visitors has not considerably changed regardless of much effort the region puts in marketing and promotion. Tourism accounts for almost 17% of GDP of the region, in comparison to 2.5% average to the country, which allows the local authorities and tourism experts to consider it an industry of strategic importance. Even though Russian tourism is not the only source of revenues for regional budget, it has a multiplier effect on other economic sectors, and it's essence for regional development is hugely appreciated by local population and government.

This thesis shows that the tourist attractiveness of South Karelia for Russian tourist is mainly explained by two factors: proximity to the border and pure nature. Opinions of tourists and Finnish tourism professionals match in this respect. South Karelia enjoys a unique location near the Finnish-Russian border; it is only 200 km from St.Petersburg, which is the main supplier of tourists for the area. Both professionals and tourists agree that proximity to the border gives South Karelia a meaningful competitive advantage over more remote tourist regions of Finland. Historically, visitors were attracted by natural beauties of South Karelia, with Lake Saimaa, Imatrankoski Rapids, Lappeenranta Harbor, Saimaa Canal, areas of Rauha and Ukonniemi. At the same time, visitors really appreciate cultural and historical sites, as well as different leisure activities and events. Tourist infrastructure has been developing rapidly in the last years, and now South Karelia really has much to offer except for beauty of lakes and nature. Customer satisfaction confirms this argument. Good command of Russian language by many staff in service sector is also considered to be an advantage of the region, as tourists feel themselves like at home.

One of the reasons why South Karelia has become a mecca for Russian tourists is that it is well governed. Municipalities pay much attention to tourism industry development by maintaining cooperation with neighboring regions in a form of workshops, meetings and negotiations. Cooperation of South Karelia with it's neighbors is a very interesting example how regions destined to be rivals in a race for share of Russian tourist demand become close friends and partners. This phenomenon of concurrent competition and cooperation could be defined as "coopetition", and it is really for the common good. South Karelia, being the place where Lake Saimaa starts for Russians, by working with neighbors try to create recognizable brand of Saimaa holiday, and the leading role is attributed to Imatra and Lappeenranta.

Apart from cooperating with Finnish regions, South Karelia draws much attention to maintaining contacts with St.Petersburg. The Russian metropolis is regarded as the most important place for the promotion and marketing of Karelian tourist product, with goSaimaa Ltd playing the leading

role. The scale of activities is diverse, and the main aim is to reach the target audience directly. However, there is understanding that more funds are needed for this purpose, as the majority of inhabitants of the city have yet never been to South Karelia, even though it is so close. Furthermore, cooperation with government of St.Petersburg has to be put in a framework somehow, as both parties can extract real benefits from it. For example, mutual efforts could result in creation of a new joint tourist product combining cultural holiday in St.Petersburg with natural holiday in Imatra and Lappeenranta, keeping in mind the destinations are only 1,5 hours from each other by Allegro speed train.

Although South Karelia has proven to be a successful destination, much work is still to be done. Finnish professionals are puzzled how to change tourist behavior and habits of the majority of Russian tourists. The problem is that the vast majority of visitors come to Imatra and Lappeenranta for short terms or even for one day without staying overnight. Statistics say that these two towns are majorly regarded as destinations for tax-free shopping, which is naturally not so bad. The dark side of this trend is that many activities, attractions and places are unfairly overseen. Finnish tourism professionals explain it by low awareness of tourists concerning possibilities the region actually has in hands to offer. It is the fault of Russian tour operators who organize trips to shops and attractions tourists already got bored with.

The biggest challenge is to find a way how to tell people about not so well known “hidden places” and opportunities for doing sports, cycling, canoeing and other unconventional for Russian tourist activities. For that, it is strongly desirable to improve the quality of social media marketing of the region. GoSaimaa Ltd, an enterprise responsible for these operations, has to be more active in social networks, especially VKontakte. By doing that, they reach target audience, but the problem is, as pointed out by professional themselves, that this marketing is not “aggressive” enough. Another suggested option is to offer more customer-tailored products, new packages, new routes and experiences, but for that the region has to work closer with mass media and government of St.Petersburg. One more suggestion would be to issue more brochures, booklets and magazines for tourist with the latest information and offers. In fact, there are plenty of them, but they don’t bring desired effect, because the majority of tourists continue to surf between SPA, shop and border. As far as we can judge, it’s the problem of tourist consciousness, which has to be altered by hard work.

Another challenge South Karelia has to deal with is the enhancement of accessibility of the region. Although the numbers of incoming tourist have been growing, the majority of them are dissatisfied with queues during weekends or holidays. First and foremost, they complain about

border-crossing points on the Russian side, as well as approach roads. In fact, it is a responsibility of Leningrad Oblast to keep roads and crossing-points in order, but South Karelia should also be involved in negotiations on these issues. Apart from that, some other options seem to be good solutions these problems. Visa-free regime was on agenda some time ago, and its implementation could really give South Karelia one more competitive advantage, but in current political and economical situation it is hardly possible. The same could be said about direct railway connection and opening of a new border-crossing point in Parikkala, whose advantages are obvious but economic feasibility is doubtful.

At the present, the major concern for South Karelia is associated with devaluation of ruble and fluctuations of EUR/RUB, which lead to decrease of purchasing power of Russian tourist. Due to this situation, which was triggered by crisis in Ukraine and consequent sanctions imposed on Russia our tourists came to South Karelia in 2014 and the beginning of 2015 not so often as they used to be. Statistics show that Russians really feel the negative effects of sanctions, they became more economic, and it lead to the first downfall of tourist inflow to South Karelia in several consecutive years of stable growth. Finnish professionals, however, look positive into the future of South Karelia as destination, because political and economic crisis come and go, but the preconditions of South Karelia to be successful remain the same. Tourist cluster of South Karelia, which was forming before the crisis, allowed the region to withstand, and the industry has not collapsed. Now, tourist inflow is growing again, because the situation stabilized. Imatra and Lappeenranta due to its unique geo-economic location has not lost its competitive advantages. Besides, Finnish professionals say that this constraint has not affected their relations with Russian partners, and they pragmatically carry on doing “business as usual”.

On a more general level, the case of South Karelia is very representative to border regions, whose economic or political significance is underestimated, or the potential remains untapped. It's amazing how such a small area, actually being a periphery region in its own country, has become such a success story in the field of tourism. Under the assumptions of Michael Porter theory of competitive advantages of nations, also valid for regions and clusters, the region of South Karelia has managed to convert comparative advantages into competitive ones. It has masterfully turned its historical merits and strong sides, like pure nature and proximity, into its strongest competitive advantages in such a small period of time at the turn of centuries. Taking advantage of its geo-economic position as a cross-border region and skillful management at all levels, South Karelia made tourism one the main growth drivers, a locomotive of regional development and innovation.

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Appendix 1. Yearly Nights Spent by Foreign and Russian Visitors in Finland and it's regions in period 2005-2015¹³³

	Nights spent										
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
WHOLE COUNTRY											
Domestic	12,760,402	13,165,119	13,708,450	13,962,574	13,677,332	14,242,989	14,480,403	14,514,623	14,380,610	14,072,245	1,852,037
Foreign	4,498,635	5,003,750	5,328,215	5,502,542	4,890,006	5,005,068	5,507,468	5,802,959	5,860,447	5,696,645	884,216
Russian Federation	499,307	677,451	856,176	1,030,333	979,526	1,056,424	1,286,598	1,506,900	1,620,419	1,338,985	212,014
MR HELSINKI METROPOLITAN AREA											
Domestic	1,498,037	1,558,707	1,719,451	1,849,338	1,883,117	2,135,385	2,272,626	2,288,035	2,217,800	2,243,860	341,331
Foreign	1,825,545	2,058,458	2,156,032	2,196,273	1,963,508	2,050,537	2,232,411	2,269,038	2,206,883	2,207,642	267,583
Russian Federation	149,731	196,719	239,450	301,639	290,850	319,184	380,016	405,130	399,768	316,886	44,436
MR COAST AND ARCHIPELAGO											
Domestic	5,006,595	5,187,007	5,322,882	5,373,360	5,108,884	5,240,222	5,409,037	5,288,478	5,240,240	5,139,599	552,681
Foreign	1,061,624	1,179,419	1,208,525	1,215,825	1,073,051	1,070,701	1,205,861	1,189,889	1,198,171	1,174,937	121,444
Russian Federation	87,520	121,630	141,857	161,513	143,030	150,364	189,042	220,065	241,185	206,039	22,117
MR LAKELAND											
Domestic	4,763,303	4,846,522	5,004,339	5,006,548	4,939,631	5,109,879	5,036,981	5,174,133	5,190,175	4,962,213	707,776
Foreign	767,057	867,485	979,841	1,067,987	950,620	987,338	1,103,300	1,243,337	1,315,780	1,197,888	155,522
Russian Federation	205,042	287,209	372,712	453,132	429,099	463,367	552,714	671,517	769,280	634,790	95,275
RE South Karelia											
Domestic	338,554	341,919	328,303	294,327	292,617	281,992	294,810	376,493	361,516	356,216	49,283
Foreign	112,921	143,077	175,502	206,301	187,057	222,704	269,777	336,336	394,674	321,536	31,864
Russian Federation	70,980	100,080	131,801	167,542	156,164	185,903	229,784	291,397	352,418	270,169	27,811
MR LAPLAND AND KUUSAMO											
Domestic	1,492,467	1,572,883	1,661,778	1,733,328	1,745,700	1,757,503	1,761,759	1,763,977	1,732,395	1,726,573	250,249
Foreign	844,409	898,388	983,817	1,022,457	902,827	896,492	965,896	1,100,695	1,139,613	1,116,178	339,667
Russian Federation	57,014	71,893	102,157	114,049	116,547	123,509	164,826	210,188	210,186	181,270	50,186

¹³³ VisitFinland. *Statistics Service Rudolf*. Available on:

<http://visitfinland.stat.fi/PXWeb/pxweb/en/VisitFinland/VisitFinland__Majoitustilastot/020_matk_tau_312.px/tableViewLayout1/?rxid=fd80f070-8052-4dbe-8618-029fb6f9b9c1>, retrieved 10.05.2015.

Appendix 2. Semi-structured Interview Questions for Tourism Professionals and Experts

- 1) Tell a few words about your job – your duties and responsibilities.
- 2) What is prioritized in work of your agency?
- 3) Why South Karelia has become such an attractive tourist region? What's makes Lappeenranta and Imatra areas so special?
- 4) Who are the main competitors of the region? Name some 3-5 strong and 3-5 weak points of South Karelia as a tourist destination, in comparison to the others.
- 5) Being a cross-border region, does South Karelia have a competitive advantage over neighboring regions of North Karelia (Joensuu), Southern Savonia (Mikkeli, Savonlinna) and Kymenlaakso (Kotka, Kouvola)? Does your region extract benefits from proximity and accessibility to the Russian border? Are there any disadvantages?
- 6) To what extent South Karelia is releasing its tourist potential? Has it reached the ceiling, or is still developing rapidly, or stagnating?
- 7) If it's not a secret, share any plans of your agency concerning tourism development and promotion in South Karelia.
- 8) What should be done in order to boost tourist attractiveness inside the region? And outside, in St.-Petersburg for instance?
- 9) Imagine a situation when Russian language becomes compulsory at schools in South Karelia. Or people of SK get more opportunities to learn Russian. So Russian becomes sort of a second language in SK. Can it be a competitive advantage of the region? How tourist industry reacts? Is it likely to happen?
- 10) Imagine South Karelian hotels, restaurants, shops and activities start to accept Russian currency – ruble. Opinion?
- 11) Imagine Imatra and Lappeenranta get regular direct railway connection with Vyborg and St.-Petersburg, without a shift at Vainikkala. Or Lappeenranta airport opens direct flights to SPb. Opinion?
- 12) Imagine EU and Russia introduce visa-free regime (which is hardly imaginable). Or Finnish customs and borderguards ease border control procedures for Russians, who are registered in SPb or Leningrad Oblast. Opinion?
- 13) Should Russian capital and Russian political will (authorities) be involved in projects and tourism development in South Karelia? Can it become a platform for more substantive cooperation and dialogue between Russian and Finnish political and business elites?
- 14) What challenges and threats South Karelia has to deal with as a tourist region?

15) Statistics say that in 2014 and the beginning of 2015 much less Russian tourists came to South Karelia than in previous years. Why it happened? Is it because of:

- a. Crisis in Ukraine
- b. Sanctions on Russia, and Russian counter-sanctions
- c. Unstable EUR/RUB, devaluation of ruble
- d. Anything else?

Opinion?

Appendix 3. Evaluation of Tourism Attractiveness of South Karelia (Areas of Imatra and Lappeenranta)

Question 1. How often do you travel to areas of Imatra and Lappeenranta, and for how long do you stay there? (multiple choice possible)

Answer Options	1-3 trips per year	4-6 trips per year	More than 7 trips per year	Response Count
1 night	48	33	35	116
Up to 3 nights	41	18	16	75
Over 4 nights	21	6	7	34
I don't travel to these areas (indicate why)				9
<i>answered question</i>				179
<i>skipped question</i>				11

Question 2. What is the purpose of your visit? (multiple choice possible)

Answer Options	Response Percent	Response Count
Visa stamping ("run/rolling")	29,5%	54
Shopping	71,6%	131
Cultural activities and entertainment	37,7%	69
Business	7,7%	14
Visit to friends or relatives	13,1%	24
Active outdoor leisure	44,3%	81
Sports	7,1%	13
SPA & Wellness	38,8%	71
Other (indicate)		21
<i>answered question</i>		183
<i>skipped question</i>		7

Question 3. To your mind, what determines tourist attractiveness of South Karelia for Russian visitors? (no more than 2 answers)

Answer Options	Response Percent	Response Count
• Developed infrastructure (horeca, shops)	37,6%	70
• Nature, climate, ecology (Saimaa, Vuoksi)	66,7%	124
• Transport accessibility, proximity to the border	79,6%	148
• Broad opportunities for active leisure (fishing, sports, eco)	25,8%	48
• Affordability and flexibility	19,4%	36
• Orientation on Russian tourists	23,1%	43
• Other (indicate)		6
<i>answered question</i>		186

Question 4. Please, evaluate your experience of visiting South Karelia.

Answer Options	Response Percent	Response Count
Excellent, I'll come again	63,5%	120
Good, but there is some work to do	33,9%	64
Average, had better experience	1,6%	3
Bad, didn't like it	1,1%	2
Terrible, I'll never come again	0,0%	0
Other (indicate)		0
<i>answered question</i>		189
<i>skipped question</i>		1

Question 5. Please, arrange the factors which affect your choice of South Karelia as a destination into priority order. (1-most important, 5-least important)

Answer Options	1	2	3	4	5	Rating Average	Response Count
• Affordability and flexibility	23	39	42	40	43	3,22	187
• Developed infrastructure (hotels, shops, roads)	18	45	65	41	18	2,98	187
• Proximity to the Russian-Finnish border	103	39	21	15	9	1,87	187
• Nature and ecology	37	48	40	50	11	2,73	186
• Wide range of opportunities for active leisure, sports and entertainment	6	16	19	41	105	4,19	187
<i>answered question</i>							187
<i>skipped question</i>							3

Question 6. Do you agree that proximity and accessibility of Imatra and Lappeenranta areas give South Karelia a competitive advantage over neighbouring regions and cities (Mikkeli, Kouvola, Savonlinna, Joensuu)?

Answer Options	Response Percent	Response Count
Yes, I fully agree	47,9%	90
Probably, yes	44,7%	84
Probably, no	3,2%	6
No, I fully disagree	2,7%	5
Difficult to say	1,6%	3
<i>answered question</i>		188
<i>skipped question</i>		2

Question 7. How would your loyalty and tourist attractiveness of the region for Russians change in case of these modifications?

Answer Options	Significantly decrease	Slightly decrease	Nothing changes	Slightly increase	Significantly increase	Response Count
• More Russian-speaking stuff in service sector	4	5	75	70	31	185
• Visa-free regime between Russia and Finland (Schengen area)	16	3	8	23	135	185
• Direct railway connection (SPb-Vyborg-Lappeenranta-Imatra)	2	1	45	64	71	183
• Opening of South Karelia tourist office in St. Petersburg	4	2	105	56	11	178
• Simplification of border control procedures for visitors registered in SPb and Leningrad Oblast	3	1	16	53	112	185
• Opportunity to pay in rubles in hotels, restaurants and shops	7	3	86	55	34	185
<i>answered question</i>						188
<i>skipped question</i>						2

Question 8. From which sources do you learn about events, sales, special offers, sights, new places and opportunities for tourists in South Karelia? (multiple choice possible)

Answer Options	Response Percent	Response Count
• Relatives, friends, mates	41,0%	77
• Tourist operators	6,9%	13
• Groups in social networks (Vkontakte, Odnoklassniki, Facebook)	75,5%	142
• Give-away maps, newspapers, magazines and promotional materials from hotels, shops, etc.	44,7%	84
• Tourist offices in Imatra and Lappeenranta	5,3%	10
• Travel and tourism portals (like GoSaimaa.com or VisitFinland.com)	59,0%	111

• Outdoor advertising	13,3%	25
• Other (indicate)	6,9%	13
answered question		188
skipped question		2

Question 9. Try to evaluate how current economic situation in Russia, associated with crisis in Ukraine, sanctions and EUR/RUB fluctuations, influence your tourism preferences and decision-making process.

Answer Options	Significantly decreased	Slightly decreased	Nothing changed	Slightly increased	Significantly increased	Response Count
• Number of trips to South Karelia	102	65	19	0	1	187
• Nights spent in South Karelia	103	43	36	2	0	184
• Daily expenditures on accommodation, food, purchases	74	46	23	7	34	184
answered question						187
skipped question						3

Question 10. Please, share your emotions, wishes, claims and proposals concerning your stay in south Karelia, if you have any.

Answer Options	Response Count
	68
answered question	68
skipped question	122

Epithets/ Characteristics	Positive points/ Compliments
Excellent (*3)	Infrastructure (*2)
Wonderful (*5)	SPAs (*2)
Cozy (*2)	Nature (*5)
Relaxed	Leisure and activities for whole family with children (*4)
Good (*4)	Proximity to the border (*2)
Calm (*2)	Affordability
Unhurried	Cuisine (*2)
Positive	Culture
Flourishing	Roads
Comfortable (*2)	Climate
Hospitable	Positive attitude of Finns
Charming	Quality service (*2)

	Opportunities for sports
	Fishing (*2)
Negative points/ Complaints	Suggestions/ Pleads
Queues at border-crossing points (*4)	Public transport timetables translated into English or Russian
No public transport info in Russian/English	New shops and sights
Not interesting after several visits (*2)	More affordable comfortable accomodation (*4)
Negative attitude of Finns (*2)	More sales for regular customers
Campings have bad web sites, not in English or Russian	Bike storages in hotels
Lack of regular direct railway connection (*2)	More campings (*2)
Weak ruble, EUR/RUR fluctuations deprive trips of sense, expensive (*10)	Weekend lake tours
Sanctions (*4)	Kayaking opportunities (*2)
Overcrowded by Russians (*4)	Guided car and bike tours
Pollution caused by tourists	Free of charge parking in Lappeenranta
Sometimes uncleaned roads in winter	Accelerate A-181 Scandinavia highway renovation
Many sights and activities don't have web sites/ don't have English or Russian versions/ don't update them	Provide tourists with brochures concerning nature preservation and rules of behavior
	Open border-crossing point in Parikkala
	Ease border-control procedures
	Cancel restrictions concerning transportation of food (*2)
	Extend the period of Imatrankoski show
	Repair Vyborg-Svetogorsk road
	Prolong working hours of shops during the weekend
	More bikes for rent
	Russian audioguides
	More affordable caffees
	Duplicate tourist signs into Russian
	More guided tours (*2)
	Detailed tourist map
	New hiking routs